

# SENATE BILL REPORT

## ESHB 1397

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As Reported By Senate Committee On:  
Water, Energy & Environment, March 31, 2005

**Title:** An act relating to vehicle emission standards.

**Brief Description:** Changing vehicle emission standards provisions.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Murray, Jarrett, Morris, B. Sullivan, Anderson, Appleton, Wallace, P. Sullivan, Kenney, Campbell, Rodne, Hunt, Priest, Springer, Tom, Lovick, Quall, Pettigrew, Kirby, Clibborn, Kilmer, Dunshee, Dickerson, Ericks, Green, Sells, Hasegawa, Upthegrove, Williams, Moeller, McIntire, Chase, Simpson, McDermott, Hudgins and Wood).

**Brief History:** Passed House: 3/16/05, 53-42.

**Committee Activity:** Water, Energy & Environment: 3/29/05, 3/31/05 [DP, DNP].

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### SENATE COMMITTEE ON WATER, ENERGY & ENVIRONMENT

**Majority Report:** Do pass.

Signed by Senators Poulsen, Chair; Rockefeller, Vice Chair; Fraser, Pridemore and Regala.

**Minority Report:** Do not pass.

Signed by Senators Morton, Ranking Minority Member; Hewitt, Honeyford and Mulliken.

**Staff:** Richard Rodger (786-7461)

#### **Background:**

Under the federal Clean Air Act, the states have the option to implement either federal motor vehicle emission standards or California motor vehicle emissions standards for passenger cars, light duty trucks, and medium duty passenger vehicles.

The California vehicle emission standards have been adopted in seven other states: Connecticut, Maine, Massachusetts, New Jersey, New York, Rhode Island, and Vermont. Current Washington law requires engine manufacturers to conform with the federal exhaust emission standards.

California's current low emission vehicle standards (called "LEV II") are being phased in over the 2004 through 2010 model years. The program reduces nitrogen oxides and hydrocarbons. The rules require that 90 percent of new cars and light duty trucks meet low emission standards and 10 percent of vehicles meet zero emission standards. Manufacturers may receive partial credits toward meeting the zero emissions requirements through the production of partial zero emission vehicles (PZEVs).

In 2002, the California Legislature approved Assembly Bill 1493 (Rep. Pavley) which would extend emissions controls to greenhouse gases, beginning with the 2009 model year. The

California Air Resources Board has submitted proposed implementing rules to the 2005 California Legislature for approval. These changes have not yet been approved by the EPA and are under litigation in California.

Until 2008, certain certificate of ownership fees must be distributed to three accounts as follows: 58.12 percent to an Air Pollution Control sub-account, 15.71 percent to the Vessel Response Account, and 26.17 percent to the Transportation 2003 (Nickel) Account. Beginning on July 1, 2008, all of these fees will be deposited in the Nickel Account.

A portion of the money in the air pollution control sub-account has been appropriated to the Department of Ecology (DOE) to retrofit school buses with exhaust emission control devices as well as fueling infrastructure necessary to allow school bus fleets to use alternative, cleaner fuels.

State law requires the DOE to administer a program to test vehicle emissions in those areas that violate or are likely to violate federal air quality standards. Currently, vehicle emission tests are required in the urban areas of Clark, King, Pierce, Snohomish, and Spokane counties. Motor vehicles in these areas must be inspected every two years. Vehicles which are 25 years or older are exempt from emissions testing. The inspection stations are operated under contract with the DOE. No person contracted to inspect motor vehicles may perform repairs for compensation.

**Summary of Bill:** The Legislature adopts the California motor vehicle emission standards in effect on January 1, 2005. If Oregon adopts the California emissions standards for application to model year 2009 vehicles, Washington rules will also begin with 2009 model year vehicles. Otherwise, the application of the rules will be applied beginning with model year 2010 vehicles.

Beginning with the first applicable model year, no vehicle will be registered, leased, rented, or sold for use in the state unless the vehicle: (1) is consistent with the vehicle emission standards adopted by the DOE; or (2) has 7,500 miles or more. Starting with the first applicable model year, new vehicles are exempt from emission inspections.

The Department of Licensing and the DOE are granted rulemaking authority, and may provide for reasonable exemptions to those requirements. In particular, the DOE may exempt public safety vehicles if DOE finds that public safety vehicles are not reasonably available. For final adoption at the rules, the order of adoption must include the Governor's signature.

In its rulemaking, the Department of Ecology may provide for a system of awarding partial credits toward zero emission vehicle requirements. In addition, these credits will be awarded for partial zero emissions vehicles produced and sold prior to the first applicable model year. At the choice of the manufacturers, the early credits may reflect the Washington market, recognizing that there may be more early sales of partial zero emission vehicles in Washington.

In order to prevent tampering with odometers to avoid compliance with the new emissions standards, the bill makes it a gross misdemeanor to turn forward the odometer of any vehicle.

The Office of Financial Management, in conjunction with the Departments of Licensing, Revenue, and Ecology, must report annually on the availability of vehicles meeting the

standards, the progress of automobile industries in meeting the requirements, and other relevant matters to the success of the industry in implementing these requirements.

Two 1991 statutes are repealed: (1) requiring engine manufacturers to certify that new engines conform with current exhaust emission standards of the EPA; and (2) prohibiting the DOE from adopting the California vehicle emission standards.

Monies formerly dedicated to school buses would also be used for other publicly-owned diesel equipment upon a finding of a public health benefit. The remaining monies may be used to reduce any transportation-related air contaminant emissions in addition to the other uses.

Beginning in 2012, the DOE may authorize businesses other than the emissions inspection contractor to conduct emission inspections. Authorized businesses may also perform repairs on any vehicles. The emission inspections program terminates in 2020.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately, except Sections 4, 5, and 9 relating to the Air Pollution Control Account, which takes effective July 1, 2005.

**Testimony For:** The adoption of California air emission standards provides both health and economic benefits to our citizens. The bill will create new jobs and new revenue for the state. Consumers savings in fuel expenses that will greatly offset any increases in car prices. The reduction in the CO<sub>2</sub> will also be accompanied by a 30 percent increase in fuel savings, or roughly \$100 million of savings per year. The bill also phases out the vehicle emission testing program, saving consumers an additional \$15 million per year. The consumers will be provided a greater choice of clean cars in Washington State, and those cars will include longer warranties.

These changes will result in long-term health benefits through increased air quality and the reduction of toxic air emissions, including benzene. Several areas of the state (Seattle, Spokane and Vancouver) are close to nonattainment for ozone and this bill will help these areas avoid federal sanctions, freeing up air permits for additional businesses.

The bill will result in more clean cars available in Washington State, than are currently offered now, using the technologies that are currently available. The full range of vehicles will still be available because the standards provide for "fleet averaging." The fleet averaging is split into different categories so passenger cars, SUVs, and light duty trucks don't compete with each other in meeting the emission standards. There are only three diesel cars that are not available in California at this time, and should be available shortly. Washingtonians will still be able to purchase Hummers and F-350s. The regulations also provide an exemption for work and farm vehicles.

**Testimony Against:** The manufacturers are building cars as clean as you can build cars. Ninety-nine percent of the pollution is taken out. The federal standards for pollution controls

and the California standards will bring us no difference in air quality in this state. This bill would bring prescriptive requirements in terms of vehicles distributed into the consumer stream. It also means we would adopt very controversial greenhouse gas rules. This is simply an effort to regulate fuel economy. Manufacturers estimate a cost increase of \$3,000 for meeting greenhouse gas standards. There will be loss of choice in vehicles, especially in Washington State where there is higher demand for trucks.

The bill will also bring a new regulatory structure to oversee these extraordinarily complex regulations. These rules have been troublesome in California and have been changed 49 times since 1990. They told us to make electric vehicles. No one bought them; we had to give them away. In order to make the very prescriptive elements of standards work, California had to develop a system of credits.

We do not have an air quality problem in Washington State and the findings in the bill are not based on sound science. The air quality benefits from this legislation are so minuscule that there should be no relevant reason to adopt this new vehicle air emission policy.

The 15 year/150,000 mile warranties are not good for repair shops. Only "authorized" repair facilities are able to perform warranty work & none of the independently owned automotive repair facilities in Washington are authorized to perform this work. The manufacturers only allow their franchised dealers to do warranty work. The warranty provision California regulations is anti-small business law and could put us out of business. The cost of the parts to fix the "California" vehicles greatly exceeds the cost of parts for cars built under the federal standards.

**Who Testified:** PRO: Dennis McLaren, Mike Rhyerd, Puget Sound Clean Air Agency; Tom Cackette, California Air Resources Board.

CON: Nancee Wildermuth, Steve Douglas, Alliance of Automobile Manufacturers; Kay Jones, Phd., citizen; James McMahan, Automotive Service Association; Forest Hillyard, Greg's Japanese Auto; Joel Baxter, B&B Auto Repair.

Signed in to Testify, Unable to Testify & Submitted Written Comments: Jane Koenig, Phd, University of Washington. CON: Mike Haden, Mike's Auto Repair Service; C. Tim Layton, Washington Construction Industry Council.