

HOUSE BILL REPORT

HB 2569

As Reported by House Committee On:

Environment
Appropriations Subcommittee on General Government & Information Technology
Capital Budget

Title: An act relating to reducing air pollution associated with diesel emissions.

Brief Description: Reducing air pollution associated with diesel emissions.

Sponsors: Representatives Hargrove and Pollet.

Brief History:

Committee Activity:

Environment: 1/31/14, 2/4/14 [DPS];
Appropriations Subcommittee on General Government & Information Technology:
2/6/14 [DP2S(w/o sub ENVI)];
Capital Budget: 2/10/14 [DP2S].

Brief Summary of Second Substitute Bill

- Creates the Diesel Idle Reduction Account (Account) for issuing low or no interest loans to governments for diesel idle reduction projects.
- Requires the Department of Ecology to consider anticipated human health, environmental, and greenhouse gas benefits from diesel idle reduction projects when selecting loan recipients.
- Requires the Account to be managed so that it is self-sustaining over a long-term planning horizon.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Fitzgibbon, Chair; Short, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Harris, Kagi, Morris, Nealey, Ortiz-Self, Overstreet and Tharinger.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 3 members: Representatives Senn, Vice Chair; Farrell and Fey.

Staff: Jacob Lipson (786-7196).

Background:

Diesel exhaust is an air pollutant commonly emitted from a variety of vehicles, equipment, and power generation infrastructure. As part of an air quality program initiative to reduce diesel emissions, the Department of Ecology (DOE) makes grants to local governments and certain private entities for diesel emission reduction projects. Eligible diesel emission reduction projects include diesel engine retrofit or replacement projects, and projects which reduce emissions from diesel idling. Current grant program projects specifically targeted to reducing diesel idling include the electrification of parking spaces, truck stops, and port infrastructure, and the integration of automatic engine start/stop technologies into vehicles.

Summary of Substitute Bill:

The Diesel Idle Reduction Account (Account) is established. The DOE may use funds in the Account to make low or no interest loans for diesel idle emission reduction projects. Loans may be issued to state and local governments that own diesel equipment or vehicles, as well as to certain private organizations that perform a public function. The DOE must prioritize loan allocations based on the anticipated return on investment from projects, with additional consideration given to projects' environmental, human health, and greenhouse gas benefits. As a whole, the value of the loans must equal Account receipts over a long-term planning horizon.

The Account may receive appropriations and repayments of loans. Interest earned on funds in the Account accrues to the Account.

Loans may only be invested by recipients in equipment or vehicles that spend at least half of their operating time in Washington. Acceptable types of diesel emission reduction projects include the electrification of parking spaces and truck stops, power connection systems for vessels and locomotives, and battery powered heating and air conditioning system.

The DOE is given rule-making authority.

Substitute Bill Compared to Original Bill:

The substitute bill limits the Account to issuing loans, rather than also allowing it to be for grants with matching payments. Certain provisions that were restricted when grants and loans could respectively be issued to private and public entities are also eliminated. The substitute bill also eliminates certain authorized uses of loans from the account by recipients. The substitute bill limits the use of Account funds by loan recipients to diesel idle reduction projects, and no longer includes certain other diesel engine retrofit and replacement projects.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 4, 2014.

Effective Date of Substitute Bill: This bill takes effect 90 days after adjournment of the session in which the bill is passed except for section 6, relating to interest earned in the Diesel Idle Reduction Account, which takes effect on the date the requirements set out in section 7, Chapter 36, Laws of 2012 are met.

Staff Summary of Public Testimony:

(In support) This bill builds on an already successful diesel grant program that the DOE has been administering, but provides a new, sustainable funding source. This Account should be used as a new tool in the toolbox to supplement existing grant programs and other investments in diesel emission reductions. By focusing on diesel idle reduction projects specifically, this loan program will be limited to projects that provide long-term cost savings on top of any associated public health benefits. Diesel idle reduction projects are a money-saving investment in the long term by reducing fuel waste; some of these projects pay for themselves in a matter of months, even without including the value of reduced wear-and-tear on vehicles. These investments help communities by reducing harmful diesel air emissions. For firefighters and other first responders, an added benefit is that diesel idle reduction technologies reduce noise, which allows first responders to do their jobs better by making communication easier. Investments in diesel idle reductions allow ports to be good neighbors; even though air quality laws do not require ports to make some of these emission reduction investments, we try to go above and beyond our legal mandates. There is not enough available state seed money for local governments and others who want to make investments in these technologies. There are a variety of technologies that qualify as diesel idle reduction technologies, including auxiliary units that can be installed on diesel engines in vehicles like fire trucks. The technology used to reduce vehicle diesel idling emissions is sound, and has been popular with local government and fire departments who have installed it on their vehicles.

(With concerns) Money for this Account is not in the Governor's budget, so we can't support the bill even though we are very supportive of the idea overall. The DOE's diesel grant program has been very successful, and we would like to see a long-term sustainable financing mechanism, and to open up diesel emission reduction projects to as many people as we can. A loan program is needed in addition to a grant program because some local governments don't have the financial wherewithal to be able to take on the burden of paying back loans, and also because some types of diesel emission reduction projects don't provide a return on investment. However, for entities that can take on loans, and for the many projects which do provide a financial return, this Account will make sense.

(Opposed) None.

Persons Testifying: (In support) Sean Eagan, Port of Tacoma; John Lightner, Cummins Northwest; William Annear, Poulsbo Fire Department; and Mike Smith, Gig Harbor Fire Department.

(With concerns) Stu Clark, Department of Ecology.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS SUBCOMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Environment. Signed by 7 members: Representatives Hudgins, Chair; Parker, Ranking Minority Member; Buys, Dunshee, S. Hunt, Jinkins and Springer.

Minority Report: Do not pass. Signed by 2 members: Representatives Christian and Taylor.

Staff: Dan Jones (786-7118).

Summary of Recommendation of Committee On Appropriations Subcommittee on General Government & Information Technology Compared to Recommendation of Committee On Environment:

The second substitute bill makes private entities ineligible to receive grants from the Diesel Idle Reduction Account. The second substitute bill requires the Department of Ecology (DOE) to consider anticipated human health, environmental, and greenhouse gas benefits from diesel idle reduction projects when selecting loan recipients, rather than prioritizing loans based on the expected return on investment to the loan recipient from the project.

Appropriation: None.

Fiscal Note: Requested on February 9, 2014.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Private industry came up with a generator that goes on top of a fire engine, and when the fire engine arrives at the scene of a fire the main engine shuts down and the generator runs everything. The generator reduces emissions and noise and saves fuel and money, which has allowed fire departments using this program to hire more firefighters.

The idea behind this bill is to start a revolving account to use the saved money from project investments to run the program in the future, without the need for state support. The account is meant to be self-sustaining, which is why return on investment is factored into this bill.

The original bill was more complicated but has become more simplified after working with the DOE. The DOE is looking at similar accounts in other agencies, and the costs for the substitute bill are expected to come way down.

(Opposed) None.

Persons Testifying: Representative Hargrove, prime sponsor.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 10 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Appleton, Riccelli, Robinson, Smith, Stonier and Warnick.

Minority Report: Do not pass. Signed by 3 members: Representatives Christian, Scott and Senn.

Staff: Meg VanSchoorl (786-7105).

Summary of Recommendation of Committee On Capital Budget Compared to Recommendation of Committee On Appropriations Subcommittee on General Government & Information Technology:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Requested on February 9, 2014.

Effective Date of Second Substitute Bill: This bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 6, relating to interest earned in the Diesel Idle Reduction Account, which takes effect on the date the requirements set out in section 7, Chapter 36, Laws of 2012 are met.

Staff Summary of Public Testimony:

(In support) None.

(With concerns) The Department of Ecology supports the concept of the bill. Our concerns are that the bill creates a new account with no funding source or amount, and that the costs of developing and operating the program are not included in the Governor's proposed supplemental budget.

(Opposed) None.

Persons Testifying: Stu Clark, Department of Ecology.

Persons Signed In To Testify But Not Testifying: None.