# SENATE BILL REPORT
# E2SHB 2569

As Reported by Senate Committee On:
Energy, Environment & Telecommunications, February 27, 2014

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

**Brief Description**: Reducing air pollution associated with diesel emissions.

**Sponsors**: House Committee on Appropriations Subcommittee on General Government & Information Technology (originally sponsored by Representatives Hargrove and Pollet).

**Brief History:** Passed House: 2/18/14, 92-5.
**Committee Activity**: Energy, Environment & Telecommunications: 2/25/14, 2/27/14 [DPA, w/oRec].

## SENATE COMMITTEE ON ENERGY, ENVIRONMENT & TELECOMMUNICATIONS

**Majority Report**: Do pass as amended.
Signed by Senators Ericksen, Chair; Sheldon, Vice Chair; McCoy, Ranking Member; Brown, Chase, Litzow and Ranker.

**Minority Report**: That it be referred without recommendation.
Signed by Senators Billig and Honeyford.

**Staff**: Jan Odano (786-7486)

**Background**: Diesel fuel powers large engines, including those used in many trucks, buses, trains, construction and farm equipment, generators, ships, and in some cars. The exhaust from burning diesel mainly consists of gases and soot. The soot particles that are fine and ultra fine sized particulates are of greatest health concern. These fine and ultra fine particulates can be inhaled deep into the lungs, where they can cause serious health problems. Health studies have shown that diesel exhaust contributes to chronic respiratory problems such as asthma, may cause cancer, and contributes to other health problems such as lung and heart diseases.

According to the Department of Ecology (Ecology), diesel exhaust is the air pollutant most harmful to public health in Washington State. Seventy percent of the cancer risk from airborne pollutants is from diesel exhaust. More than 4 million people in Washington live or

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work close to highways and other major roads where they are most likely to be exposed to diesel exhaust.

In 2003 the Legislature established the Washington State Clean School Bus Program. The program funding was derived from fees collected from the transfer of motor vehicle ownership until 2008. The program was expected to generate revenue of $5 million per year; approximately $25 million over the life of the account. By October 2008, Ecology and the state's seven local air quality agencies retrofitted about 5600 school buses. The Legislature granted $28.9 million over six years to retrofit 100 percent of school buses suitable for retrofits.

Currently Ecology administers a Clean Diesel Grant Program, which is funded by the Local Toxics Control Account. The grants are used to assist with purchasing and installing various clean diesel technologies on publicly and privately owned heavy-duty diesel vehicles and equipment in Washington. Grants are available to local governmental entities, public utilities, local clean air agencies, tribes, school districts, privately owned diesel fleets operating mainly in the state, and non-profit organizations. The grant funds must be used for exhaust retrofits, idle reduction, engine repowers, school bus replacements, orchard heater replacements, and other projects upon approval. The grant applications are prioritized first for public fleets and second for privately owned vehicles and equipment that provide and maintain public services, such as garbage collection and recycling, or which operate on port properties.

**Summary of Bill (Recommended Amendments)**: Ecology is authorized to issue loans to state and local governments that own diesel equipment or vehicles for equipment or vehicles that spend at least half of their operating time in Washington. Ecology 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.

Acceptable types of diesel emission reduction projects include the electrification of parking spaces and truck stops, power connection systems for vessels and locomotives, projects which replace diesel engines or power systems with compressed or liquefied natural gas systems, and battery-powered heating and air conditioning systems.

The Diesel Idle Reduction Account (Account) is established. The Account may receive appropriations and repayments of loans. Interest earned on funds in the Account accrues to the Account.

Ecology may use funds in the Account to make low or no-interest loans for diesel idle emission reduction projects. Loans must be made so that the payment of the loans is of equal value of the disbursements over a long-term planning horizon. Loan program administration must be integrated with existing Diesel Grant Program administration, to the extent practical. Ecology must use existing resources for communications, outreach, and other administrative functions.

Ecology may adopt rules to implement the program once the Legislature appropriates money into the Account.

**EFFECT OF CHANGES MADE BY ENERGY, ENVIRONMENT & TELECOMMUNICATIONS COMMITTEE (Recommended Amendments)**: Directs Ecology to integrate the administration of the diesel emissions reduction loan program with the existing Diesel Grant Program administration to the extent practical.

**Appropriation**: None.

**Fiscal Note**: Available.

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

**Effective Date**: Ninety days after adjournment of session in which bill is passed, except for section 6, relating to interest earned in the 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 on Engrossed Second Substitute House Bill**: PRO: A diesel emission loan program will save fuel, reduce emissions, and create jobs. The return from the savings from fuel costs will be returned into the account. There needs to be some seed money to fund the program. New technology is available to retrofit fire engines and aid cars. This equipment provides all electrical needs for the vehicle. A return on investment (ROI) is four months for aid cars and one year for fire trucks. This is the result of fuel cost savings. The ROI does not take into consideration the benefit of reduced emissions or prolonging the life of the equipment. The diesel emission retrofit equipment reduces emissions, noise, and wear and tear on the vehicles. It increases public safety by reducing the noise from the engines.

CON: There is no funding appropriated for the Account. There are requirements for which Ecology would have to absorb the costs.

**Persons Testifying**: PRO: John Lightner, Cummins NW; William Annear, Poulsbo Fire Dept.; Michael Smith, Pierce County Fire District #5.

CON: Stu Clark, Ecology.