

### **Environmental Health Committee**

# Adopted in House Comm. on May 20, 2008

09500SB2083ham001

LRB095 19203 RLJ 50761 a

- 1 AMENDMENT TO SENATE BILL 2083
- 2 AMENDMENT NO. \_\_\_\_\_. Amend Senate Bill 2083 by replacing
- 3 everything after the enacting clause with the following:
- 4 "Section 1. Short title. This Act may be cited as the
- 5 Illinois Diesel Emissions Reduction Act.
- 6 Section 5. Legislative findings and purpose. The 7 Legislature hereby finds and declares that:
- 8 (a) Diesel exhaust particle pollution poses a clear and
- 9 present health risk to the people of Illinois. The United
- 10 States Environmental Protection Agency has classified diesel
- 11 exhaust as a likely human carcinogen, and has identified diesel
- 12 particulate matter and diesel exhaust organic gases as toxic
- 13 air pollutants. Diesel exhaust is also a prime contributor to
- 14 airborne fine particle pollution that is linked to premature
- death and other serious cardiovascular and pulmonary problems
- 16 such as heart attacks, abnormal heart rhythms,

- atherosclerosis, stroke, asthma attacks, permanent respiratory damage, and retardation of lung growth in children.
  - (b) The health impacts from diesel emissions particularly affect children, the elderly, and people with weakened immune systems.
    - (c) Particularly high concentrations of diesel emissions often occur in heavily traveled transportation corridors, intermodal yards, bus depots, and construction sites; these diesel "hot spots" often are found in densely populated urban areas, disproportionately impacting ethnic minorities and people of lower economic status.
  - (d) Diesel engine crankcases also are a source of emissions that can seep into the cabin and expose vehicle drivers and passengers to harmful diesel emissions.
    - (e) Diesel exhaust also contains black carbon emissions, which contribute to global climate change.
  - (f) Reduction of diesel emissions can help address these human health and climate problems.
    - (g) The United States Environmental Protection Agency has enacted requirements over the past few years requiring the substantial reduction of emissions from new diesel engines in both heavy-duty highway vehicles and land-based nonroad equipment. However, these regulations do not apply to any of the over 11,000,000 existing diesel engines in the United States, most of which emit substantially more pollution and often remain in service for 10 to 30 years depending on the

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- 1 type of engine and equipment.
  - (h) Practical, cost-effective measures to substantially reduce diesel particulate emissions are available today, and can be applied to many existing diesel engines. The same technology that limits diesel pollution from new diesel engines can be retrofitted onto existing engines or applied in new replacement engines to reduce diesel emissions by 85% or more.
  - (i) Therefore, the purpose of this Funding Program is to help minimize the public health risks from exposure to diesel particulate emissions as expeditiously as practical.
- 11 Section 10. Definitions. For purposes of this Act:
- 12 (a) "Auxiliary power unit" means a portable,
  13 vehicle-mounted system that provides climate control and power
  14 for a diesel vehicle interior cabin without using the
  15 propulsion engine.
  - (b) "CARB" means the California Air Resources Board.
- 17 (c) "Certified engine configuration" means a new, rebuilt, 18 or remanufactured engine configuration:
- 19 (1) that has been certified or verified by USEPA or 20 CARB;
  - (2) that meets or exceeds certain engine emissions standards, as determined by IEPA; and
  - (3) in the case of a certified engine configuration involving the replacement of an existing engine or vehicle, an engine configuration that replaced an engine that was

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- 1 removed from the vehicle and returned to the supplier for remanufacturing to a more stringent set of engine emissions 2 3 standards or for scrappage.
  - (d) "Closed Crankcase Ventilation System" or "CCV" means equipment that completely closes the crankcase of a diesel engine to the atmosphere and routes the crankcase vapor to the engine intake air system or the exhaust system.
  - (f) "DOT" means the Department of Transportation.
  - (q) "Fleet" means one or more diesel vehicles or mobile or stationary diesel engines owned or operated by the same person or group of related persons.
- (h) "Heavy duty diesel vehicle" means a motor vehicle with 12 13 a gross vehicle weight rating of at least 14,000 pounds that is 14 powered by a diesel engine.
- 15 (i) "IEPA" means the Illinois Environmental Protection 16 Agency.
  - (j) "Incremental cost" means the cost of an applicant's emission reduction measure actions, less the baseline cost that would otherwise be incurred by the applicant in the normal course of business. Incremental costs may include added lease or fuel costs as well as capital costs.
  - (k) "Level 3 Control" means a Verified Diesel Emission Control Device that achieves a particulate matter (PM) emission reduction of 85% or more from uncontrolled engine emission levels, or that reduces emissions to less than or equal to 0.01 grams of PM per brake horsepower-hour. Level 3 Control includes

- 1 repowering or replacing the existing diesel engine with an
- 2 engine meeting USEPA's 2007 Heavy-duty Highway Diesel
- 3 Standards, or in the case of a nonroad engine, an engine
- 4 meeting the USEPA's Tier 4 Nonroad Diesel Standards; Level 3
- 5 Control also includes new diesel engines meeting the emissions
- 6 standards.
- 7 (1) "Medium duty diesel vehicle" means a motor vehicle with
- 8 a gross vehicle weight rating of at least 8,500 pounds and less
- 9 than 14,000 pounds that is powered by a diesel engine.
- 10 (m) "Motor vehicle" means any self-propelled vehicle
- 11 designed for transporting persons or property on a street or
- 12 highway, including an on-road diesel vehicle.
- 13 (n) "Nonroad engine" means an internal combustion engine
- 14 (including the fuel system) that is not used in a motor vehicle
- or a vehicle used solely for competition, or that is not a
- 16 stationary source, except that this term shall apply to
- 17 internal combustion engines used to power generators,
- 18 compressors, or similar equipment used in any construction
- 19 program or project.
- 20 (o) "Nonroad vehicle" means a vehicle or piece of equipment
- 21 that is powered by a nonroad engine, 50 horsepower and greater,
- 22 and that is not a motor vehicle or a vehicle used solely for
- 23 competition, which shall include, but not be limited to,
- 24 excavators, backhoes, cranes, compressors, generators,
- bulldozers, and similar equipment; unless otherwise indicated,
- 26 nonroad vehicles do not include locomotives or marine vessels.

- 1 (p) "Person" means any natural person, co-partnership,
- 2 firm, company, association, joint stock association,
- corporation, or other like organization or entity. 3
- 4 (q) "PM" means particulate matter, a criteria pollutant
- 5 listed under Section 7408 of the federal Clean Air Act.
- "Public agency" means a state, city, county, 6
- 7 administration, department, division, bureau,
- 8 commission, corporation, institution, or agency of government,
- 9 the expenses of which are paid in whole or in part from the
- 10 public treasury.
- 11 (s) "Retrofit" means to equip a diesel motor vehicle or
- nonroad vehicle with new particulate emissions-reducing parts 12
- 13 or technology verified by USEPA or CARB after manufacture of
- 14 the original engine.
- 15 (t) "Ultra low sulfur diesel fuel" means diesel fuel that
- 16 has a sulfur content of no more than 15 parts per million.
- "USEPA" means the United States Environmental 17
- 18 Protection Agency.
- (x) "Verified diesel emission control device" means: 19
- 20 (1) an emission control device or strategy that has
- 21 been verified to achieve a specified diesel PM reduction by
- 22 USEPA or CARB; or
- 23 (2) replacement or repowering with an engine that is
- 24 certified to specific PM emissions performance by USEPA or
- 25 CARB.
- 26 (y) "Verified technology" means a verified diesel emission

- control device, an advanced truckstop electrification system, 1
- or an auxiliary power unit. 2

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- 3 Section 15. Mechanics of the Diesel Emissions Reduction 4 Funding Program.
- (a) The Diesel Emissions Reduction Fund (the "Fund") is 5 6 hereby established as a special fund in the State treasury.
  - (1) The Fund shall be administered by IEPA for the benefit of the Diesel Emissions Reduction Funding Program established under this Section.
  - (2) Interest earned on the Fund shall be credited to the Fund.
    - (3) Moneys in the Fund shall be used only to implement the Funding Program, provided that a maximum total of 2% of the money in the Fund may be used for Fund administrative costs incurred by both the IEPA and the Department of Revenue. Moneys allocated to an eligible diesel emission reduction measure but not expended in any fiscal year shall be carried over to succeeding fiscal years.
    - (b) Establishment and Administration of the Funding Program. Within one year after the effective date of this Funding Program, IEPA, in consultation with the Department of Revenue and after notice and public comment, shall promulgate rules to establish and implement the Diesel Emissions Reduction Funding Program in accordance with this Act.
- 25 (1) The Funding Program shall consist of either the

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Grant Program or the Rebate Program established pursuant to this Act, or both programs, as determined by IEPA in its sole discretion.

- (2) If IEPA elects to disburse Funding Program funds pursuant to the Grant Program, IEPA shall establish and administer that program and shall provide grants and low-cost revolving loans from the Fund, on a competitive basis, to eligible measures to achieve significant reductions of diesel particulate emissions in accordance with the provisions of subsection (c).
- (3) If IEPA elects to disburse Funding Program funds pursuant to the Rebate Program, IEPA shall establish and administer that program and shall provide rebates from the Fund in accordance with subsection (d).
- In administering the Funding Program and in accordance with the requirements of this program, IEPA shall:
  - (A) manage Funding Program funds and oversee the Funding Program;
  - (B) produce guidelines, protocols, and criteria for eligible emission reduction measures;
  - (C) develop methodologies for evaluating emission reduction measure benefits and cost-effectiveness;
  - (D) develop procedures for monitoring whether the emissions reductions projected for grants awarded for emission reduction measures under this Act are

1	actually	achieved;

- (E) prepare reports regarding the progress and effectiveness of the Funding Program; and
- (F) take all appropriate and necessary actions so that emissions reductions achieved through the Funding Program may be credited by USEPA to the appropriate emissions reduction objectives in the State implementation plan.
- (c) Grant Program. Any Grant Program established by IEPA pursuant to subsection (b)(1) shall be implemented in accordance with the following provisions:
  - (1) IEPA shall annually allocate at its discretion some or all of the moneys available in the Fund to the Grant Program. Grant Program funds not expended in a given year shall be transferred to the Grant Program or any Rebate Program established under subsection (d) for the following year at IEPA's discretion.
  - (2) Fund Distribution. Subject to the provisions of subsection (a)(4), IEPA shall distribute funds available for each fiscal year for eligible emission reduction measures under the Grant Program.

## (3) Applications.

(A) To receive a grant or loan under the Grant Program, the applicant shall submit to IEPA an application including such information IEPA may require.

(B) An application under this subsection shall

2	include:
3	(i) a description of the air quality of the
4	area in which the emission reduction measure
5	fleets will operate;
6	(ii) a description of the emission reduction
7	measure proposed by the applicant, including:
8	(I) any certified engine configuration or
9	verified technology proposed to be used or
10	funded in the emission reduction measure; and
11	(II) the means by which the emission
12	reduction measure will achieve a significant
13	reduction in diesel emissions;
14	(iii) an evaluation (using methodology
15	approved by IEPA) of the quantifiable and
16	unquantifiable benefits of the emissions
17	reductions of the proposed emission reduction
18	measure;
19	(iv) an estimate of the cost of the proposed
20	emission reduction measure;
21	(v) a description of the age and expected
22	lifetime control of the equipment to be used or
23	funded in the proposed emission reduction measure;
24	(vi) a description of the diesel fuel
25	available in the areas to be served by the proposed
26	emission reduction measure, including the sulfur

Τ	content of the fuel;
2	(vii) provisions for the monitoring and
3	verification of the emission reduction measure;
4	and
5	(viii) such other information as may be
6	required by IEPA.
7	(4) Eligibility.
8	(A) A proposed emission reduction measure must
9	meet the requirements of this Act to be eligible for a
10	grant or loan under the Grant Program.
11	(B) IEPA may consider for funding the following
12	types of emission reduction measures:
13	(i) installation of a retrofit technology
14	(including any incremental costs of a repowered or
15	new diesel engine) that significantly reduces
16	particulate emissions through development and
17	implementation of a certified engine configuration
18	or a verified diesel emission control device for a
19	medium-duty or heavy-duty diesel motor vehicle, a
20	diesel nonroad vehicle, a commercial marine engine
21	or a locomotive;
22	(ii) installation of a CCV on any vehicle or
23	equipment described in subsection (B)(i); and
24	(iii) programs or emission reduction measures
25	to reduce long-duration idling using verified
26	technology involving a vehicle described in

1	subsection (B)(1); provided that truckstop
2	electrification facilities shall be eligible for
3	low-cost revolving loans but not eligible for
4	grants.
5	(C) In providing a grant or loan under the Grant
6	Program, IEPA shall give priority to otherwise
7	eligible emission reduction measures that, as
8	determined by IEPA:
9	(i) maximize public health benefits;
10	(ii) are cost-effective;
11	(iii) serve areas:
12	(I) with the highest population density;
13	(II) that are poor air quality areas,
14	including areas identified by IEPA as:
15	(a) in nonattainment or maintenance of
16	national ambient air quality standards for
17	a criteria pollutant;
18	(b) areas with toxic air pollutant
19	concerns;
20	(III) that receive a disproportionate
21	quantity of air pollution from a diesel fleets,
22	including truckstops, ports, rail yards,
23	terminals, and distribution centers; or
24	(iv) include a certified engine configuration
25	or verified technology that has a long expected
2.6	useful life:

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1	(v) will maximize the useful life of any
2	certified engine configuration or verified
3	technology used or funded by the project;
4	(vi) conserve diesel fuel; and
5	(vii) use ultra low sulfur diesel fuel.
6	(D) For a proposed emission reduction measure to
7	qualify for the Funding Program, other than a project
8	involving a marine vessel or engine, not less than 75%
9	of vehicle miles traveled or hours of operation
10	projected for the 5 years immediately following the
11	award of a grant must be projected to take place in
12	this State. For a proposed emission reduction measure
13	involving a marine vessel or engine, the vessel or
14	engine must be operated in the waterways adjacent to or
15	within Illinois for a sufficient amount of time over
16	the lifetime of the measure, as determined by IEPA, to
17	meet the cost-effectiveness requirements of subsection
18	(c)(5).
19	(E) Each proposed emission reduction measure must
20	meet the cost-effectiveness requirements of subsection
21	(c)(5).
22	(F) A proposed emission reduction measure based on
23	the use of a certified engine configuration or verified
24	technology must document, in a manner acceptable to

IEPA, a reduction in particulate emissions of at least

50% (compared with the baseline emissions adopted by

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IEPA for the relevant engine year and application to the extent not provided pursuant of the relevant CARB or USEPA verification process). Three years after the enactment of this Act, after study of available emissions reduction technologies, and after public notice and comment, IEPA may increase the minimum percentage reduction in particulate emissions required by this subsection to improve the ability of the Funding Program to achieve its goals.

# (5) Cost-effectiveness

- (A) For purposes of this Act, "cost-effectiveness" means the total dollar amount divided by the total number of tons of particulate matter reduction attributable to that expenditure. In calculating cost-effectiveness, one-time grants of money at the beginning of a project shall be annualized using a time value of public funds or discount rate determined for each project by IEPA, taking into account the interest rate on bonds, interest earned by State funds, and other factors IEPA considers appropriate.
- (B) IEPA shall establish reasonable methodologies for evaluating emission reduction cost-effectiveness consistent with subsection (5)(A).
- (C) Except as provided by subsection (5)(F), and except for installation of CCVs under subsection (4)(B)(ii), IEPA may not award a grant for a proposed

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emission reduction measure under the Grant Program the cost-effectiveness of which, calculated in accordance with subsections (5)(A) and (B) and criteria developed thereunder, exceeds \$135,000 per ton of PM emissions. This subsection does not restrict IEPA authority under other law to require emissions reductions with a cost-effectiveness that exceeds \$135,000 per ton.

- (D) IEPA may not award a grant that provides an amount that exceeds the incremental cost of the proposed emission reduction measure.
- (E) In determining the amount of a grant under this Act, IEPA shall reduce the incremental cost of a proposed new purchase, retrofit, repower, or add-on equipment emission reduction measure by the value of any existing financial incentive that directly reduces the cost of the proposed measure, including tax credits or deductions, other grants, loans, rebates, or any other public financial assistance.
- (F) Adjustment of cost-effectiveness. Based upon a study of available emissions reduction technologies and costs and after public notice and comment, IEPA may change the values of the maximum grant award criteria established in subsection (5)(C) to account for inflation or to improve the ability of the Grant Program to achieve its goals.
- (d) Rebate Program. Any Rebate Program established by IEPA

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to subsection (b)(1)implemented 1 pursuant shall be 2 accordance with the following provisions:

- (1) IEPA shall annually allocate at its discretion some or all of the moneys available in the Fund to the Rebate Program. Rebate Program funds not expended in a given year shall be transferred to the Rebate Program or any Grant Program established under subsection (c) for the following year at IEPA's discretion.
- (2) A retrofit vendor or owner of an eligible vehicle who meets the requirements of this subsection shall be eligible to receive a rebate under the Rebate Program; for purposes of this subsection, "eligible vehicle" shall mean a vehicle that meets the requirements of this subsection and that is described in subsection (c) (4) (B) (i).
- (3) Moneys from the Fund will be provided in the rebate amount to defray the cost of purchase and installation of retrofitting an eligible vehicle with a Level 3 Control in combination with a CCV.
- (4) Within 180 days after effective date of this Act, IEPA shall establish the initial rebate amount for retrofits of various types of eligible vehicles. IEPA shall review the appropriateness of the amount no less frequently than annually and may change the rebate amount to improve the ability of the Rebate Program to achieve its goals.
- (5) In order to receive a rebate, an eligible vehicle owner or retrofit vendor shall:

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- 1 (A) submit to IEPA a completed rebate reservation 2 form including such information IEPA may require with 3 respect to each rebate sought;
  - (B) within 120 days of submission of a rebate reservation form, the owner or vendor shall complete the retrofit pertaining to the rebate reservation form, and shall submit a completed IEPA reimbursement request form including certification of completion and compliance with all requirements of this subsection and containing such other information and such other conditions as IEPA may require.
  - (6) Rebates shall be provided on a first come, first served basis, with priority established based upon the date of IEPA receipt of a completed reservation form pursuant to subsection (5)(A); provided that, if the retrofits are not completed and the reimbursement request form is not submitted to IEPA within the 120 day period as required by subsection (5)(B), then IEPA may reduce the amount of the rebate or take such other action as it has established by regulations promulgated pursuant to this Funding Program.
  - (7) To the extent of available funds allocated to the Rebate Program, IEPA shall pay the owner or vendor the rebate within 60 days of receipt of a timely, complete, and accurate reimbursement form.
  - (8) Owners of eligible vehicles for which rebates are paid must:

1	(A) meet the requirements of subsection (c)(4)(D);
2	(B) fuel the vehicle with ultra low sulfur diesel
3	fuel; and
4	(C) maintain the vehicle and Level 3 Controls
5	according to manufacturer specifications.
6	(9) The retrofit vendor to eligible vehicles for which
7	rebates are provided must honor all warranty provisions
8	according to their verification.
9	(e) Emission Reduction Credits.
10	(1) An emission reduction measure funded under the
11	Funding Program established under this Section may not be
12	used for credit under any State or federal emissions
13	reduction credit averaging, banking, or trading program.
14	(2) An emissions reduction generated by an emission
15	reduction measure funded under the Funding Program
16	established under this Section:
17	(A) may not be used as a marketable emissions
18	reduction credit or to offset any emissions reduction
19	obligation; but
20	(B) may be used to demonstrate conformity with the
21	State implementation plan.
22	(3) An emission reduction measure involving a new
23	measure that would otherwise generate marketable credits
24	under State or federal emissions reduction credit
25	averaging, banking, or trading programs is not eligible for

funding under the Funding Program established under this

#### 1 Section unless:

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- (A) the measure includes the transfer of reductions that would otherwise be marketable credits to the State implementation plan; and
- (B) the reductions are permanently retired.
- (f) Funding Program Reports.
- (1) Not later than December 1, 2009, and not later than December 1 of every second year thereafter, IEPA shall publish and submit to the legislature a report of the implementation of the provisions of this Funding Program. IEPA shall provide notice and an opportunity for public comment and public hearing on each draft biennial report and, in producing a final biennial report, shall consider and respond to all significant comments received; the report shall be publicly available, and IEPA shall post it on its website.

#### (2) The report must:

(A) include a review of each pollution-reduction measure funded under any Grant Program, the amount granted for the emission reduction measure, emissions reductions attributable to the emission reduction measure, and the cost-effectiveness of the emission reduction measure; IEPA shall also conduct an annual review of any Rebate Program, including the total rebates paid, the total retrofits installed and the aggregate emission reductions attributable to

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1	those retrofits;
2	(B) include a summary of IEPA's Funding Program
3	implementation activities under this Section;
4	(C) account for money received, money disbursed as
5	grants, money reserved for grants based on project
6	approvals, money disbursed as rebates, any recommended
7	transfer of money between allocations, and must
8	estimate future demand for grant and rebate funds under
9	the Funding Program;
10	(D) describe the overall effectiveness of the
11	Funding Program in delivering particulate emissions
12	reductions and other emission reductions as
13	co-benefits;
14	(E) evaluate the effectiveness of the Funding
15	Program in soliciting and evaluating project
16	applications, providing awards in a timely manner, and
17	monitoring project implementation;
18	(F) describe adjustments made to project selection
19	criteria and recommend any further needed changes or
20	adjustments to the grant programs, including changes
21	in grant award criteria, administrative procedures, or
22	statutory provisions that would enhance the Funding
23	Program's effectiveness and efficiency;

(G) describe any adjustments made to the maximum

(H) evaluate the benefits of addressing additional

cost-effectiveness amount and award amount;

1 pollutants as part of the Funding Program; and

- (I) include legislative recommendations necessary 2
- 3 to improve the effectiveness of the Funding Program.
- 4 Section 20. Miscellaneous.

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- (a) Equitable Relief Authorized. In addition to other remedies provided in this Funding Program, IEPA may seek injunctive relief in any court of competent jurisdiction to enforce any provision of this Funding Program.
- (b) Severability. If any clause, sentence, paragraph, section or provision of this Funding Program shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Funding Program, but shall be confined in its operation to the clause, sentence, paragraph, section, or provision of this Funding Program directly involved in the controversy in which the judgment was rendered.
- (c) No rulemaking authority. Notwithstanding any other rulemaking authority that may exist, neither the Governor nor any agency or agency head under the jurisdiction of the Governor has any authority to make or promulgate rules to implement or enforce the provisions of this Act. If, however, the Governor believes that rules are necessary to implement or enforce the provisions of this Act, the Governor may suggest rules to the General Assembly by filing them with the Clerk of the House and Secretary of the Senate and by requesting that

- 1 the General Assembly authorize such rulemaking by law, enact 2 those suggested rules into law, or take any other appropriate 3 action in the General Assembly's discretion. Nothing contained 4 in this Act shall be interpreted to grant rulemaking authority 5 under any other Illinois statute where such authority is not 6 otherwise explicitly given. For the purposes of this Act, 7 "rules" is given the meaning contained in Section 1-70 of the Illinois Administrative Procedure Act, and "agency" and 8 9 "agency head" are given the meanings contained in Sections 1-20 10 and 1-25 of the Illinois Administrative Procedure Act to the 11 extent that such definitions apply to agencies or agency heads
- 13 Section 95. The State Finance Act is amended by adding 14 Section 5.708 as follows:
- (30 ILCS 105/5.708 new) 15
- 16 Sec. 5.708. The Diesel Emissions Reduction Fund.

under the jurisdiction of the Governor.

- 17 Section 99. Effective date. This Act takes effect upon
- becoming law.". 18