DIESEL EMISSIONS REDUCTION ACT OF 2005

Section by Section Summary

The Diesel Emissions Reduction Act of 2005 would establish national and state-level grant and loan programs to promote the reduction of diesel emissions and authorize $200 million annually for fiscal years 2006 through 2011 to fund the programs.

SECTION 1. Short Title

SECTION 2. Definitions

Section 2 provides definitions of "certified engine configuration," "emerging technology," and "verified technology" as used in the bill, defines entities eligible to receive grants and loans, and defines the terms "heavy-duty" and "medium-duty" truck.

SECTION 3. National Grant and Loan Program

Section 3(a) would establish a national grant and loan program to be administered by the Environmental Protection Agency (EPA). The EPA Administrator is to use 70 percent of the funds made available each fiscal year to provide grants and low-cost revolving loans to regional, state, local, or tribal agencies with jurisdiction over transportation or air quality, and to nonprofit organizations and institutions that represent organizations that own or operate diesel fleets or have as their principal purpose the promotion of air quality or transportation. Grants and loans are to achieve significant reductions in diesel emissions in terms of 1) tons of pollution produced, and 2) exposure to the emissions, particularly in poor air quality areas.

Section 3(b) would provide that not less than 50 percent of the funds available under the national grant and loan program are to be provided for the benefit of public fleets. Not less than 90 percent of the funds available under Section 3 shall be provided for projects using an engine configuration certified by EPA or the California Air Resources Board (CARB) or a pollution control technology verified by EPA or CARB. Not more than 10 percent of the funds available under the section would be provided for the development and commercialization of emerging technologies.

Section 3(c) establishes detailed requirements for grant or loan applications. The Administrator is required to give priority to projects that a) maximize public health benefits; b) are the most cost-effective; c) serve areas with the highest population density; that are poor air quality areas, including nonattainment or maintenance areas, Class I areas, or areas with toxic air pollutant concerns; that receive a disproportionate quantity of air pollution from a diesel fleet, including ports, rail yards, and distribution centers; or that use a community-based multi-stakeholder collaborative process to reduce toxic emissions; d) include a technology that has a long expected useful life; e) will maximize the useful life of any retrofit technology; and f) use ultra low sulfur diesel fuel.

Under Section 3(d), funds may be used to retrofit buses, medium- and heavy-duty trucks, marine engines, locomotives, or non-road engines used in construction, cargo-handling, agriculture, mining, or energy production equipment. Funds may also be used for idle-reduction programs. Grants and loans may not be used to fund the cost of any emission reduction mandated under federal, state, or local law, except for voluntary or elective emission reduction measures.

SECTION 4. State Grant and Loan Programs

Section 4 provides that, subject to the availability of adequate appropriations, the Administrator shall use 30 percent of the funds available in a fiscal year to support grant and loan programs administered by states that are designed to achieve significant reductions in diesel emissions.

Section 4(b) requires the Administrator to provide guidance to the states regarding the application process, permissible uses of funds, and the cost-effectiveness of emission reduction technologies, and it requires the establishment of application procedures.

Section 4(c) establishes an allocation formula for the state grant programs. Using not more than 20 percent of the funds made available to carry out Section 4, EPA is to provide each of the states 2 percent of the total funds available, if each of the 50 states qualifies for an allocation. If fewer than 50 states qualify, the remaining funds are to be allocated among the qualifying states in proportion to their population. If a state agrees to match its allocation, the Administrator shall provide it an additional amount equal to 50 percent of its allocation. Any funds not claimed by a state for a fiscal year are to be used to carry out the national program under Section 3.

Section 4(d) provides that Governors may determine the portion of funds to be provided as grants or loans. A grant or loan may be used for certified engine configurations or verified pollution control technologies.

SECTION 5. Evaluation and Report

Not later than 2 years after enactment, and biennially thereafter, the Administrator shall submit to Congress a report evaluating the implementation of the programs under this Act. Section 5(b) provides a list of six items to be included in these reports.

SECTION 6. Outreach and Incentives

Section 6(b) requires the EPA Administrator to establish a technology transfer program. The purpose of the program is to inform stakeholders of the benefits of verified and emerging technologies and to develop non-financial incentives for those technologies. Eligible stakeholders include: equipment owners and operators; engine, equipment, and emission control manufacturers; state and local air quality officials; and community, public health, and environmental organizations. Section 6(c) requires the EPA Administrator to develop guidance for the use of eligible technologies as part of a Clean Air Act State Implementation Plan. Section 6(d) requires the EPA Administrator, along with the Department of Commerce and industry, to inform foreign countries on the emissions reduction potential of technology developed or used in the United States. No additional funds are authorized for activities under this section.

SECTION 7. Effect of the Act

Section 7 affirms that nothing in the bill affects authorities under the Clean Air Act.

SECTION 8. Authorization of Appropriations

Section 8 authorizes $200 million annually for the above programs in FY2006 through FY2011.