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DATE: 4-4-00

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NATURAL RESOURCES

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1529, L.D. 2182, Bill, "An Act to Improve Air Quality through Market Incentives for the Purchase of Cleaner Vehicles"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 10 MRSA c. 14 is enacted to read:

CHAPTER 14

CLEAN CAR INCENTIVES PILOT PROGRAM

§393. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Authority. "Authority" means the Finance Authority of Maine.

2. Certificate of verification. "Certificate of verification" means a certificate issued in accordance with department rules by a person who receives and scraps a high-pollution vehicle.

3. Cleaner vehicle. "Cleaner vehicle" means a vehicle that:

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- 2 A. Is model year 1996 or later; and
- 4 B. Has an emission level that, as determined by the
6 department by rule, is at least as low as the California
6 low-emission vehicle certification standard.

8 4. Department. "Department" means the Department of
10 Environmental Protection.

12 5. Eligible seller. "Eligible seller" means a Maine
14 resident or a vehicle dealership authorized to do business in
14 this State.

16 6. Fund. "Fund" means the Clean Fuel Vehicle Fund
16 established under section 1023-K.

18 7. High-pollution vehicle. "High-pollution vehicle" means
20 a car or truck with a gross vehicle weight rating of 6000 pounds
20 or less that:

- 22 A. Is model year 1987 or older;
- 24 B. Has been registered in this State for the last 24
26 months; and
- 28 C. Is presently operational and is driven under its own
28 power to the site where it is scrapped.

30 8. Program. "Program" means the High-pollution Vehicle
32 Retirement Pilot Program.

34 9. Scrap. "Scrap" means permanently dismantling a vehicle
36 and destroying the engine. "Scrap" may include salvaging and
36 using parts of the vehicle other than the engine.

38 §394. High-pollution Vehicle Retirement Pilot Program established

40 1. Program established. Beginning November 1, 2000, the
42 High-pollution Vehicle Retirement Pilot Program is established to
42 provide owners of high-pollution vehicles with incentives for
42 scrapping these vehicles and purchasing cleaner vehicles.

44 2. Incentive voucher. To the extent funds are available in
46 the fund, the department, in consultation with the authority,
46 shall issue an owner of a high-pollution vehicle an incentive
48 voucher in accordance with subsection 3, redeemable upon the
48 purchase of a cleaner vehicle from an eligible seller, if the
48 owner submits:

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2 A. A certificate of verification that the high-pollution
3 vehicle was scrapped; and

4 B. Evidence of the type of the vehicle scrapped in terms of
5 the types listed in subsection 3.

6
7
8 The department shall by rule establish procedures to ensure that
9 a person who intends to scrap a high-pollution vehicle can obtain
10 from the department written assurance that upon the submission of
11 a certificate of verification the person will be issued an
12 incentive voucher.

13
14 The department shall establish and print conspicuously on the
15 face of each voucher the date of expiration of the voucher, which
16 must be prior to the last business day of October 2003.

17
18 Nothing in this section may be interpreted to require an eligible
19 seller dealership to accept a voucher toward the purchase of a
20 cleaner vehicle.

21
22 3. Voucher amounts. The department shall issue vouchers
23 with the following values for the following types of
24 high-pollution vehicles:

25
26 A. A voucher worth \$1,500 for a pickup truck or sport
27 utility vehicle with a 6-cylinder engine;

28
29 B. A voucher worth \$2,000 for a pickup truck or sport
30 utility vehicle with an 8-cylinder engine; and

31
32 C. A voucher worth \$1,000 for any other high-pollution
33 vehicle.

34
35 4. Redemption of voucher. Using money available in the
36 fund, the authority shall redeem for face value any voucher
37 presented to the authority prior to the date of expiration by:

38
39 A. An eligible seller upon the showing of sufficient
40 evidence that the eligible seller accepted the voucher as
41 payment toward the purchase of a cleaner vehicle; or

42
43 B. A person that was issued the voucher by the department
44 upon a showing of sufficient evidence that the person
45 purchased a cleaner vehicle.

46
47 5. Public education. During the summer months in the years
48 2000 and 2001, the department shall undertake a public media
49 campaign to educate the public about the pollution created by
50 vehicles registered in Maine, including the impacts of such

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2 pollution on public health and the environment and the benefits
3 of reducing pollution from such vehicles.

4 6. Rules. By October 1, 2000, the department shall adopt
5 rules implementing this chapter. Rules adopted pursuant to this
6 subsection are routine technical rules pursuant to Title 5,
7 chapter 375, subchapter II-A. The rules, at a minimum, must:

8
9 A. Establish standards for the issuance of a certificate of
10 verification;

11 B. Define what qualifies a vehicle as having an emission
12 level at least as low as the California low-emission vehicle
13 certification standard; and

14 C. Establish what evidence must be presented to the
15 authority for the redemption of a voucher.

16
17 7. Effectiveness report. At the end of each calendar year,
18 the department shall prepare a report that:

19 A. Analyzes the strengths and weaknesses of the program; and

20 B. Provides a thorough assessment of the costs and the
21 short-term and long-term emission reduction benefits of the
22 program, based on best estimates of the emission
23 characteristics of vehicles scrapped and purchased under the
24 program, compared with other vehicle-related emission
25 reduction programs adopted by the State.

26 No later than February 15th of the subsequent calendar year, the
27 department shall submit this report to the joint standing
28 committee of the Legislature having jurisdiction over natural
29 resources matters. In its report submitted in the year 2003, the
30 department shall include an evaluation of whether the program
31 should be continued.

32 8. Fund report. At the end of each calendar year, the
33 authority shall prepare a report for that year listing the amount
34 of funds deposited in the fund for the purposes of the program,
35 the amount dispersed from the fund under the program and the
36 expenses incurred in administering the fund for the purposes of
37 this program. No later than February 15th of the subsequent
38 calendar year, the authority shall submit this report to the
39 joint standing committee of the Legislature having jurisdiction
40 over natural resources matters.

41 **§395. Repeal**

42 This chapter is repealed November 1, 2003.

2 **Sec. 2. 10 MRSA §1023-K, sub-§3**, as enacted by PL 1997, c.
3 500, §5, is amended to read:

4 **3. Application of fund.** The fund may be applied to carry
5 out any power of the authority under or in connection with
6 section 1026-P, including, but not limited to, the pledge or
7 transfer and deposit of money in the fund as security for and the
8 application of the fund to pay principal, interest and other
9 amounts due on insured loans. Pursuant to subsection 3-A, the
10 fund may be used by the authority to fund the High-pollution
11 Vehicle Retirement Pilot Program established under chapter 14.
12 The fund may be used for direct loans to finance all or part of
13 any clean fuel vehicle project when the authority determines that:

14 A. The applicant demonstrates a reasonable likelihood that
15 the applicant will be able to repay the loan;

16 B. The applicant demonstrates a reasonable likelihood that
17 the applicant will not be able to obtain the funds necessary
18 to undertake all or any part of the project from any other
19 source, including a loan insured under section 1026-P;

20 C. The project is technologically feasible; and

21 D. The project will contribute to a reduction of or more
22 efficient use of fossil fuels.

23 The authority shall adopt rules for determining eligibility,
24 project feasibility, terms, conditions and security for loans
25 under this section. Rules adopted pursuant to this section are
26 routine technical rules under Title 5, chapter 375, subchapter
27 II-A. Money in the fund not currently needed to meet the
28 obligations of the authority as provided in this section may be
29 invested in such a manner as permitted by law.

30 **Sec. 3. 10 MRSA §1023-K, sub-§3-A** is enacted to read:

31 **3-A. High-pollution Vehicle Retirement Pilot Program.** The
32 authority may use money in the fund to redeem incentive vouchers
33 in accordance with section 394, subsection 4, except that the
34 authority may not use for this purpose money:

35 A. Otherwise pledged or encumbered pursuant to subsection 3
36 or section 1026-P;

37 B. Deposited in the fund from a public bond issue; or

38 C. Deposited in the fund from an air pollution penalty
39 imposed pursuant to a consent agreement after the effective
40

2 date of this subsection unless the person against whom the
3 penalty is imposed expressly assents in the consent
4 agreement that the penalty may be used to fund the
5 High-pollution Vehicle Retirement Pilot Program.

6 **Sec. 4. 10 MRSA §1023-K, sub-§4,** as enacted by PL 1997, c.
7 500, §5, is amended to read:

8
9 **4. Accounts within fund.** The authority may divide the fund
10 into separate accounts as it determines necessary or convenient
11 for carrying out this section, including, but not limited to,
12 accounts reserved for direct loan funds and accounts reserved for
13 funds for the redemption of vouchers in accordance with section
14 394, subsection 4.

15 **Sec. 5. Examination of mobile-source-emission-reduction strategies.**
16 The Commissioner of Environmental Protection shall undertake an
17 examination of methods and strategies for achieving reductions
18 and maintaining levels of mobile-source emissions that will
19 ensure compliance with federal Clean Air Act air quality
20 standards. The commissioner shall evaluate each method and
21 strategy in terms of its costs and the pollution-reduction
22 benefits likely to be achieved. The commissioner shall evaluate
23 at least the following:
24

25 1. Incentive rebates designed to encourage the purchase of
26 cleaner vehicles;

27 2. Accelerated retirement programs designed to encourage the
28 scrapping of older, high-emission vehicles;

29 3. Methods and strategies of ensuring that vehicle pollution
30 prevention mechanisms are functioning properly;

31 4. Government procurement policies, including municipal
32 procurement policies, that involve purchase of low-emission
33 vehicles; and

34 5. Aggressive public education programs that inform the
35 public about mobile-source emissions and the benefits of
36 low-emission vehicles.

37
38 The commissioner shall also compile and evaluate data on the
39 cars and trucks registered in the State including, but not
40 limited to, the following: average age, percentage bought new and
41 percentage bought used in each of the last 5 years, average
42 prices for the most popular used cars and trucks sold in the
43 State, and relevant available information about buyers in the
44 State of used, post-model-year-1995 cars and trucks.

2 **Sec. 6. Recommendations and report.** The Commissioner of
 4 Environmental Protection, after consultation with the Joint
 Standing Committee on Natural Resources, representatives of
 6 low-income consumers, automobile dealers, public health agencies,
 environmental organizations, cleaner fuels organizations, the
 Department of Transportation, Bureau of Motor Vehicles and the
 8 Executive Department, State Planning Office, and other entities
 with interests or expertise relevant to the examination and
 10 development of mobile-source-emission-reduction strategies, shall
 issue a report providing the results of the examination
 12 undertaken pursuant to this Act. The report must include a
 recommended mobile-source-emission-reduction plan that includes
 14 the most effective and cost-efficient methods of ensuring
 compliance with federal Clean Air Act air quality standards and
 16 reducing in-state-generated vehicle pollution. The report must
 include draft legislation and funding mechanisms necessary to
 18 implement the recommendations. The report must be submitted to
 the Governor and the Joint Standing Committee on Natural
 20 Resources by September 15, 2000.

22 **Sec. 7. Authorization.** The joint standing committee of the
 Legislature having jurisdiction over natural resources matters
 24 may report out legislation concerning
 mobile-source-emission-reduction methods to the First Regular
 26 Session and the Second Regular Session of the 120th Legislature.

28 **Sec. 8. Transfer of funds.** On the effective date of this Act,
 the State Controller shall transfer \$10,000 from the Clean Fuel
 30 Vehicle Fund within the Finance Authority of Maine to the Maine
 Environmental Protection Fund within the Department of
 32 Environmental Protection. Funds transferred under this section
 may only be used to implement and administer the High-pollution
 34 Vehicle Retirement Pilot Program established under Title 10,
 Chapter 14.

36 **Sec. 9. Allocation.** The following funds are allocated from
 38 Other Special Revenue funds to carry out the purposes of this Act.

40 2000-01

42 **ENVIRONMENTAL PROTECTION, DEPARTMENT OF**

44 **Maine Environmental Protection Fund**

46	All Other	\$10,000
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48	Allocates funds to cover the	
	costs of implementing and	
50	administering the	

High-pollution Vehicle
Retirement Pilot Program.'

Further amend the bill by inserting at the end before the
summary the following:

FISCAL NOTE

2000-01

APPROPRIATIONS/ALLOCATIONS

Other Funds \$10,000

REVENUES

Other Funds \$10,000

This bill includes an Other Special Revenue funds allocation of \$10,000 in fiscal year 2000-01 for the Maine Environmental Protection Fund within the Department of Environmental Protection to cover the costs of administering the High-pollution Vehicle Retirement Pilot Program. The estimated future costs are \$10,000 in each of fiscal years 2001-02 and 2002-03. The Maine Environmental Protection Fund will experience a one-time increase of dedicated revenue of \$10,000 in fiscal year 2000-01 resulting from the transfer of funds available from the Clean Fuel Vehicle Fund within the Finance Authority of Maine. The additional costs associated with submitting a required report to the Legislature can be absorbed by the department utilizing existing budgeted resources.

The Finance Authority of Maine will incur additional costs beginning in fiscal year 2000-01 to redeem vouchers for the High-pollution Vehicle Retirement Pilot Program. These vouchers will be redeemed within the level of funds available in the Clean Fuel Vehicle Fund for this purpose. The amount can not be determined at this time. The Finance Authority of Maine will also incur some minor additional costs to adopt rules, to consult with the Department of Environmental Protection, to prepare an annual report on fund transactions and to process vouchers. These costs can be absorbed within the authority's existing budgeted resources.

The State Planning Office, the Department of the Secretary of State and the Department of Transportation will incur some minor additional costs to consult with the Department of Environmental Protection in its effort to develop a required

report that must be submitted to the Legislature. These costs can be absorbed within the agencies' existing budgeted resources.'

SUMMARY

This amendment replaces the bill. This amendment:

1. Creates a pilot incentive voucher program designed to encourage the retirement of older, high-emission vehicles and the purchase of newer, low-emission vehicles;

2. Allows the salvage of useable parts of retired vehicles;

3. Provides for the issuance of higher-value vouchers for the retirement of certain pickup trucks and sport utility vehicles that have a higher market value;

4. Ties the retirement of high-emission vehicles to the purchase of low-emission vehicles by providing that a voucher is issued upon retirement of a high-emission vehicle and is redeemable upon purchase of a low-emission vehicle;

5. Directs the Department of Environmental Protection to administer the voucher program;

6. Directs the Finance Authority of Maine to issue payments upon redemption of vouchers;

7. Requires the Department of Environmental Protection and the Finance Authority of Maine to provide annual reports on the program and requires the department in its 2003 report to provide an evaluation of whether the pilot program should be continued;

8. Repeals the pilot incentive voucher program on November 1, 2003;

9. Requires the Department of Environmental Protection to undertake an examination of methods and strategies for achieving reductions and maintaining levels of mobile-source emissions that will ensure compliance with federal air quality standards and to develop a mobile-source-emission-reduction plan that includes the most effective and cost-efficient methods and strategies;

10. Authorizes the joint standing committee of the Legislature having jurisdiction over natural resources matters to report out legislation concerning mobile-source-emission-reduction methods to the First Regular Session and the Second Regular Session of the 120th Legislature;

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- 2 11. Provides for use of the Clean Fuel Vehicle Fund to fund
the pilot incentive voucher program. The fund is authorized to
4 accept funds from public and private sources; and
- 6 12. Adds an allocation section and a fiscal note to the
bill.