

HOUSE BILL REPORT

HB 2328

As Reported by House Committee On:

Environment
Appropriations

Title: An act relating to reducing emissions by making changes to the clean car standards and clean car program.

Brief Description: Reducing emissions by making changes to the clean car standards and clean car program.

Sponsors: Representatives Morris, Tarleton, Slatter, Stanford, Macri and Doglio.

Brief History:

Committee Activity:

Environment: 1/18/18, 2/1/18 [DP];
Appropriations: 2/5/18, 2/6/18 [DP].

Brief Summary of Bill

- Adopts California motor vehicle emission standards for zero-emission vehicles and for medium duty trucks.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass. Signed by 5 members: Representatives Fitzgibbon, Chair; Peterson, Vice Chair; Fey, Kagi and McBride.

Minority Report: Do not pass. Signed by 4 members: Representatives Taylor, Ranking Minority Member; Maycumber, Assistant Ranking Minority Member; Buys and Dye.

Staff: Jacob Lipson (786-7196).

Background:

Under the federal Clean Air Act, most states, including Washington, are restricted from enacting their own emissions standards for new motor vehicles, which is an authority generally reserved to the federal government. California is the only state allowed under the

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.

federal Clean Air Act to adopt state standards for vehicle emissions. California's vehicle emissions standards must be at least as protective of public health as federal standards and must be approved by the United States Environmental Protection Agency. Other states may adopt vehicle emissions standards that are identical to California's vehicle emissions standards for specific vehicle model years. Other states adopting California vehicle emissions standards must delay program implementation until at least two years after the state adopts California's standards.

California Vehicle Emissions Standards.

The motor vehicle emissions standards established by California contain two program components: low-emission vehicle requirements and zero-emission vehicle (ZEV) requirements.

First, all vehicles sold in states subject to California's standards must exceed emissions performance standards for certain air pollutants like particulates, nitrogen oxide, and carbon dioxide. Vehicle emission control systems must also exceed a 150,000-mile durability standard. Specific performance requirements vary depending on the model year, vehicle weight, and whether the vehicle is a passenger car, light duty truck, or heavy duty truck.

Second, a specified percentage of the vehicles delivered for sale in the state by manufacturers must be ZEVs, or else credits equal to that specified percentage must be otherwise obtained.

- The ZEVs must produce zero exhaust emissions of air pollutants or greenhouse gasses. The ZEVs include battery-electric vehicles and hydrogen fuel cell vehicles.
- The ZEV credits may be earned by either delivering vehicles for sale in the state, purchasing ZEV credits from another vehicle manufacturer, or earning credits through ZEV deliveries in other states with ZEV mandates.
- Manufacturers may receive partial credit towards ZEV requirements by producing transitional zero-emission vehicles (TZEVs), which include plug-in hybrids. The amount of credit towards ZEV requirements granted to a TZEV model is based on the vehicle's emissions performance and electric range.

California's current ZEV standards for passenger cars and light duty trucks require that ZEV credits equal to 4.5 percent of vehicles produced by manufacturers and delivered for sale in California be ZEVs by 2018, increasing to 9.5 percent by 2020 and 22 percent for model year 2025 and beyond.

- For large-volume manufacturers with sales in California after 2018 of over 20,000 vehicles per model year, a minimum percentage of ZEV credits must come from ZEV sales rather than TZEV sales. Two of the initial 4.5 percent of ZEV credits must come from ZEV rather than TZEV sales for model year 2018 sales, 6 percent of the 9.5 percent of ZEV credits must come from ZEV sales, and 16 percent of the 22 percent of ZEV credits must come from ZEV sales starting for model year 2025.
- Intermediate-volume manufacturers with sales in California after 2018 of between 4,501 and 20,000 vehicles per model year must meet the overall ZEV percentage requirements but are not subject to the requirement that a certain percentage of ZEV credits be from ZEVs as opposed to TZEVs.
- Small-volume manufacturers with sales in California after 2018 of less than 4,500 are not subject to ZEV delivery requirements.

The ZEV credits earned by a manufacturer may be banked, and may be used, with some limitations, to fulfill ZEV obligations in other states that have adopted California's ZEV program. Small-volume manufacturers may earn, bank, market, and trade credits for the ZEVs and TZEVs they deliver, even though they are not subject to the requirement to obtain or earn ZEV credits. Manufacturers who fail to obtain sufficient credits for a particular model year must make up the credits during the following year or may request an extended period of up to three years to make up a deficit.

Washington Vehicle Emissions Standards.

In 2005 the Legislature adopted California's clean car standards. The Department of Ecology (ECY) was directed to adopt and maintain rules consistent with California's standards. However, the Legislature directed the ECY to not adopt the ZEV program. The ECY was also not authorized to adopt California vehicle emissions standards for medium duty trucks, which include most trucks weighing between 8,500 and 14,000 pounds.

In adopting rules consistent with California motor vehicle emission standards, the ECY must convene an advisory group of industry and consumer representatives to comment on proposed rules. The signature of the Governor is required for rule adoption. Washington's adoption of California's clean car rules only apply to car model years for which Oregon has also adopted California's standards; as a result, Washington's clean car regulations apply to car model years 2009 and later. Oregon has adopted California's ZEV requirement.

Under rules adopted to implement the program, the ECY is authorized to inspect motor vehicles and related records for compliance. Manufacturers must submit information on vehicle deliveries into the state upon request by the ECY. Vehicles that do not meet California vehicle emissions standards may not be registered, rented, licensed, or sold in Washington. Violations of California vehicle emission standard rules are punishable by a civil penalty of up to \$5,000 per vehicle.

Upon enactment of ZEV requirements in Washington, the award of early credits and banking towards future ZEV compliance obligations must be allowed for ZEVs manufactured prior to the model year that California standards take effect in Washington. California ZEV standards may not be phased-in to apply sooner than three years after the adoption of the standards.

Summary of Bill:

The state adopts California's ZEV standards. The state adopts California's clean car standards for all medium duty vehicles, including medium duty trucks. Requirements are eliminated that direct the ECY to convene an advisory group for rule comment and that oblige the Governor to sign the rule adoption order.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Zero-emission vehicles are becoming more cost-effective than conventionally-powered vehicles. Zero-emission vehicles improve air quality because they produce no tailpipe emissions, and also have lower greenhouse gas emissions. A ZEV program will help lower the greenhouse gas emissions from the transportation sector, which comprises a large portion of the state's overall greenhouse gas emissions. By ensuring sales, a ZEV program will help reduce uncertainty regarding the state's ability to meet its greenhouse gas emission reduction goals. This bill will help ensure that new ZEV models that Washington customers are demanding will be available to them, since ZEVs tend to become available first and more widely in states with the ZEV mandate program. It is important that the technology and air quality benefits of ZEVs accrue in Washington and do not go to other states at our expense. In addition to ZEVs, this bill will close a loophole in the state's 2005 clean car law that exempts some trucks from meeting stronger California emission standards.

(Opposed) The availability of ZEVs in Washington markets is not a concern, and almost every model of ZEV in production is available for sale in Washington. Washington has one of the highest percentages of ZEV sales without a ZEV mandate, and there is not a clear link between states adopting the ZEV program and increases in ZEV sales. There are other policies, such as sales incentives, that will better encourage ZEV sales and support electric vehicle infrastructure. No one will buy ZEVs if refueling or recharging infrastructure is not in place. Vehicle manufacturers have committed large amounts of money to developing ZEV technology and ramping up production of ZEV vehicles, but do not support the ZEV mandate program. Public education is key to ZEV adoption.

Persons Testifying: (In support) Representative Morris, prime sponsor; Stu Clark, Department of Ecology; Vlad Gutman-Britten, Climate Solutions; Craig Kenworthy, Puget Sound Clean Air Agency; Elyette Weinstein, League of Women Voters; Kelly Thompson, Unitarian Universalist Voices for Justice; and Alan Jenn, Institute of Transportation Studies, University of California, Davis.

(Opposed) Ryan Spiller, Curt Augustine, and Steve Douglas, Alliance of Automobile Manufacturers; Michael Transue and Julia Rege, Global Automakers; and Mary Catherine McAleer, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 17 members: Representatives Ormsby, Chair; Robinson, Vice Chair; Bergquist, Cody, Fitzgibbon, Hansen, Hudgins, Jinkins, Kagi, Lytton, Pettigrew, Pollet, Sawyer, Senn, Stanford, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 15 members: Representatives Chandler, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Stokesbary, Assistant Ranking Minority Member; Buys, Caldier, Condotta, Graves, Haler, Harris, Manweller, Schmick, Taylor, Vick, Volz and Wilcox.

Staff: Dan Jones (786-7118).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Environment:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The policy in this bill would help drivers save money, reduce pollution, minimize petroleum use, and help address global warming. The bill would increase the choices drivers have for purchasing electric vehicles. The costs for administration and record-keeping are modest.

(Opposed) The Zero Emissions Vehicle (ZEV) mandate is a manufacturing mandate, not a sales mandate. There is no guarantee that dealers will take the cars if manufacturers build them. Washington is already one of the leading states for ZEV sales without a mandate, and most of the ZEV models are already available in the state. Improving electric vehicle infrastructure and providing incentives, such as sales tax breaks, are better ways of increasing ZEV sales. Rapid ZEV uptake may cause a strain on local governments and utilities, who must provide high capacity power to home charging stations at off-peak hours.

Persons Testifying: (In support) Emily Heffling, The Union of Concerned Scientists.

(Opposed) Ryan Spiller, Alliance of Automobile Manufacturers; Michael Transue, Association of Global Automakers; and Mary Catherine McAleer, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.