AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

Calendar No. 525

114TH CONGRESS
2d Session

SENATE

REPORT
114–284

DIESEL EMISSIONS REDUCTION ACT OF 2016

JUNE 21, 2016.—Ordered to be printed

Mr. INHOFE, from the Committee on Environment and Public Works, submitted the following

R E P O R T

[To accompany S. 2816]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, to which was referred the bill (S. 2816) to reauthorize the diesel emissions reduction program, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

GENERAL STATEMENT AND BACKGROUND

Established pursuant to the Energy Policy Act of 2005, the Diesel Emissions Reduction Act (DERA) is a voluntary program that incentivizes equipment and vehicle owners to retrofit existing heavy-duty diesel vehicles and engines with new technology, or replace engines and equipment through the disbursal of federal and state grants and rebates. Diesel engines are reliable and efficient, but older ones emit significant amounts of exhaust including particulate matter (PM) and nitrogen oxides (NO_X) which can harm human health. Initially a grant program, the EPA started awarding the first DERA grants in 2008 with the purpose of reducing diesel exhaust from older engines. In January 2011, DERA was reauthorized through fiscal year 2016 and the EPA was given the authority to offer rebates in addition to grants pursuant to the Diesel Emissions Reduction Act of 2010. The EPA started the first rebate program in 2012 targeting school bus replacement.

The DERA program is administered by the Environmental Protection Agency's (EPA) National Clean Diesel Campaign within the Office of Transportation and Air Quality. According to the agency's

59–010

latest report,[1] the DERA program is considered one of the most cost-effective federal clean air programs. DERA has upgraded nearly 73,000 vehicles or pieces of equipment and saved over 450 million gallons of fuel. EPA estimates that total lifetime emission reductions achieved through DERA funding are 14,700 tons of PM and 335,200 tons of NO_X and have created up to $12.6 billion of health benefits.

Part of the program's success is its focus on areas that need it most. DERA grants have increasingly been awarded to areas that are in nonattainment for both PM or ozone thereby maximizing benefits and overall effectiveness. EPA's latest report reveals that 81 percent of projects awarded are located in areas with air quality challenges. Prioritization of goods movement projects have proven especially beneficial for communities located next to ports, rail yards and distribution centers that are disproportionately impacted by higher levels of diesel exhaust. In 2013 and 2014, EPA offered $10 million for ports-only Request for Proposals that resulted in the replacement or retrofit upgrades to hundreds of engines operating at or around ports.

The DERA program benefits are far-reaching and cost-effective. DERA grant recipients can tailor projects to the needs of targeted communities with benefits continuing long after the project period closes. DERA funding has impacted a variety of sectors and supported many clean diesel technologies spurring market innovation. According to the EPA's latest report, each federal dollar invested in DERA has leveraged as much as $3 from other government agencies, private organizations, industry, and nonprofit organizations. Further, the agency has improved cost-effectiveness by refining the Requests for Proposal requirements and by lowering the amount of funding for individual projects in which the vehicle or fleet owner derives an economic benefit.

Demand and necessity for the DERA program will continue. Despite the program's success, approximately 10.3 million older diesel engines remain in use and the EPA estimates that by 2030 over 1 million older higher emitting diesel engines will still be in use. As DERA is the only Federal program focused on providing health benefits from the reduction of diesel exhaust, the demand from fleet owners has far exceeded DERA's available funds. In fact, funding requests for the National Clean Diesel Rebate Program were exceeded by as much as 35:1 and requests for the national grant competitions exceeded availability by 7:1.

S. 2816 answers this demand by authorizing the program through 2021, which will ensure a continuation of the successful DERA program and its associated benefits.

Objectives of the Legislation

The bill reauthorizes the Diesel Emissions Reduction Act program through 2021.

[1] United States Environmental Protection Agency, "Third Report to Congress: Highlights From the Diesel Emission Reduction Program," February 2016 available at: *https://www.epa.gov/sites/production/files/2016-03/documents/420r16004.pdf.*

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This Act may be cited as the "Diesel Emissions Reduction Act of 2016".

SEC. 2. Reauthorization of Diesel Emissions Reduction Program

Section 797(a) of the Energy Policy Act of 2005 (42 U.S.C. 16137(a)) is amended by striking '2016' and inserting "2021".

LEGISLATIVE HISTORY

On April 19, 2016, Senator Carper, introduced S. 2816, the Diesel Emissions Reduction Act. Senators Inhofe, Capito and Boxer, were original cosponsors of the legislation. The bill was then referred to the Senate Committee on Environment and Public Works.

On May 18, 2016, the Senate Committee on Environment and Public Works conducted a business meeting to consider S. 2816. The bill was favorably reported out of Committee by voice vote.

HEARINGS

No committee hearings were held on S. 2816.

ROLLCALL VOTES

The Committee on Environment and Public Works met to consider S. 2816 on May 18, 2016. The bill was ordered favorably reported by voice vote. No rollcall votes were taken.

REGULATORY IMPACT STATEMENT

In compliance with section 11(b) of rule XXVI of the Standing Rules of the Senate, the committee makes evaluation of the regulatory impact of the reported bill.

The bill does not create any additional regulatory burdens, nor will it cause any adverse impact on the personal privacy of individuals.

MANDATES ASSESSMENT

In compliance with the Unfunded Mandates Reform Act of 1995 (Public Law 104–4), the committee notes that the Congressional Budget Office found, "S. 2816 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments."

COST OF LEGISLATION

Section 403 of the Congressional Budget and Impoundment Control Act requires that a statement of the cost of the reported bill, prepared by the Congressional Budget Office, be included in the report. That statement follows:

JUNE 14, 2016.

Hon. JIM INHOFE,
Chairman, Committee on Environment and Public Works,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 2816, the Diesel Emissions Reduction Act of 2016.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jon Sperl.

Sincerely,

KEITH HALL.

Enclosure.

S. 2816—Diesel Emissions Reduction Act of 2016

S. 2816 would authorize the appropriation of $100 million annually through 2021 for the Environmental Protection Agency to provide grants for projects that reduce emissions from diesel engines. Assuming appropriation of the authorized amounts, CBO estimates that implementing S. 2816 would cost $480 million over the 2017–2021 period.

Pay-as-you-go procedures do not apply to this legislation because enacting it would not affect direct spending or revenues. CBO estimates that enacting S. 2816 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

S. 2816 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 2816 is shown in the following table. The costs of this legislation fall within budget function 300 (natural resources and environment).

	By fiscal year, in millions of dollars—					
	2017	2018	2019	2020	2021	2017–2021
INCREASES IN SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	100	100	100	100	100	500
Estimated Outlays	85	95	100	100	100	480

Basis of estimate: For this estimate, CBO assumes that S. 2816 will be enacted near the end of fiscal year 2016, that the specified amounts will be appropriated in each year starting in 2017, and that outlays will follow historical spending patterns for the program. The program received an appropriation of $50 million in fiscal year 2016.

Pay-As-You-Go considerations: None.

Increase in long-term deficit and direct spending: CBO estimates that enacting S. 2816 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2027.

Intergovernmental and private-sector impact: S. 2816 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal costs: Jon Sperl; Impact on state, local, and tribal governments: Jon Sperl; Impact on the private sector: Amy Petz.

Estimate approved by: H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

CHANGES IN EXISTING LAW

In compliance with section 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows: Existing law proposed to be omitted is enclosed in [black brackets], new matter is printed in *italic*, existing law in which no change is proposed is shown in roman:

* * * * * * *

ENERGY POLICY ACT OF 2005

* * * * * * *

SEC. 101. ENERGY AND WATER SAVING MEASURES IN CONGRESSIONAL BUILDINGS.

(a) IN GENERAL.—* * *

* * * * * * *

SEC. 797. [42 U.S.C. 16137] AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated to carry out this subtitle $100,000,000 for each of fiscal years 2012 through [2016] *2021*, to remain available until expended.

(b) MANAGEMENT AND OVERSIGHT.—The Administrator may use not more than 1 percent of the amounts made available under subsection (a) for each fiscal year for management and oversight purposes.

* * * * * * *

○