Requested by Senator DEMBROW

PROPOSED AMENDMENTS TO A-ENGROSSED SENATE BILL 1008

On <u>page 1</u> of the printed A-engrossed bill, line 2, after "ORS" delete the rest of the line and insert "327.033, 468A.795, 468A.796, 468A.797, 468A.799, 468A.801, 468A.803, 803.350, 825.610 and 825.615".

- 4 In line 3, delete "and 468A.803".
- 5 After line 3, insert:

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- 6 "Whereas exposure to diesel particulate pollution causes myriad health 7 effects, including the exacerbation of asthma symptoms and early death from 8 heart disease and various cancers; and
 - "Whereas children are especially vulnerable to the negative health effects of diesel particulate pollution because their lungs are still in the developmental phase and they breathe, on average, 50 percent more air per pound of body weight than adults; and
 - "Whereas environmental justice communities, including communities of color, bear a disproportionate burden of exposure to diesel pollution; and
 - "Whereas 23 Oregon counties have total concentrations of ambient levels of diesel particular matter that are considered harmful to health; and
 - "Whereas some parts of this state are particularly affected by pollution from older diesel engines because of geography, population density and a confluence of highways, port activity and construction activities; and
- 20 "Whereas diesel engines built after 2006 and older diesel engines 21 retrofitted with particulate filters can reduce diesel particulate by up to 95

1	percent as compared with diesel particulate matter emissions from older,
2	dirty diesel engines that are not retrofitted; and
3	"Whereas the problem of diesel particulate pollution in this state is
4	exacerbated when older, dirty diesel engines are allowed to idle unnecessar-
5	ily; and
6	"Whereas the attrition rate of older, dirty diesel engines that are not
7	retrofitted is too slow to adequately curb emissions in a timely manner and
8	protect public health; and
9	"Whereas a strategy to shorten the timeline for conversion to the use of
10	new diesel engines and older diesel engines retrofitted with particulate fil-
11	ters and to reduce unnecessary idling by older diesel trucks is needed; and
12	"Whereas the cost of newer diesel trucks, buses or nonroad equipment is
13	particularly challenging for small businesses that do not regularly turn over
14	their equipment; and
15	"Whereas many school districts are having difficulty meeting a statutory
16	requirement to retrofit or replace school buses manufactured before 2007 by
17	2025; and
18	"Whereas Oregon finds itself the recipient of settlement dollars designed
19	to help shorten the timeline for conversion to cleaner engines; now, there-
20	fore,".
21	Delete lines 5 through 10 and delete pages 2 and 3.
22	On page 4, delete lines 1 through 5 and insert:
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24	"OREGON CLEAN DIESEL PROGRAM
25	"(Definitions)
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27	"SECTION 1. ORS 468A.795 is amended to read:
28	"468A.795. As used in ORS 468A.795 to 468A.803 and sections 11 to 16,
29	chapter 855. Oregon Laws 2007:

"[(1) 'Combined weight' has the meaning given that term in ORS 825.005.]

- "(1) 'Alternative fuel' means biofuels, biogas, natural gas, liquefied petroleum gas, hydrogen and electricity.
- "(2) 'Best available exhaust control technology' means the most effective exhaust controls to reduce diesel particulate that rely on passively regenerated diesel particulate control technology supported in a vehicle's normal duty cycle.
- "[(2)] (3) 'Cost-effectiveness threshold' means the cost, in dollars, per ton of diesel particulate matter reduced, as established by rule of the Environmental Quality Commission.
 - "(4) 'Diesel engine' means a compression ignition engine.

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- "(5) 'Environmental Mitigation Trust Agreement' means the Environmental Mitigation Trust Agreement required by the Volkswagen 'Clean Diesel' Marketing, Sales Practices and Products Liability Litigation partial consent decree dated October 25, 2016.
- "(6) 'Equivalent equipment' means a piece of equipment that performs the same function and has the equivalent horsepower to a piece of equipment subject to a replacement.
- "(7) 'Equivalent motor vehicle' means a motor vehicle that performs the same function and is in the same weight class as a motor vehicle subject to a replacement.
- "(8) 'Fleet' means all pieces of equipment powered by nonroad diesel engines, medium-duty trucks and heavy-duty trucks that are owned by a person and operated in Oregon.
- "(9) 'Gross vehicle weight rating' means the value specified by the manufacturer as the maximum loaded weight of a single or a combination vehicle.
- "[(3)] (10) 'Heavy-duty truck' means a motor vehicle or combination of vehicles operated as a unit that has a [combined weight] gross vehicle weight rating that is greater than 26,000 pounds.
- "[(4)] (11) 'Incremental cost' means the cost of a qualifying repower or

- retrofit less a baseline cost that would otherwise be incurred in the normal course of business.
- "[(5)] (12) 'Medium-duty truck' means a motor vehicle or combination of vehicles operated as a unit that has a [combined weight] gross vehicle weight rating that is greater than 14,000 pounds but less than or equal to 26,000 pounds.
- "[(6)] (13) 'Motor vehicle' has the meaning given that term in ORS 8 825.005.
- "[(7) 'Nonroad Oregon diesel engine' means any Oregon diesel engine that
 was not designed primarily to propel a motor vehicle on public highways of
 this state.]
- "[(8) 'Oregon diesel engine' means an engine at least 50 percent of the use of which, as measured by miles driven or hours operated, will occur in Oregon for the three years following the repowering or retrofitting of the engine.]
 - "(14) 'Nonroad diesel engine' means a diesel engine of 25 horsepower or more that is not designed primarily to propel a motor vehicle on public highways.
- "[(9)] (15) 'Oregon diesel truck engine' means a diesel engine in a truck at least 50 percent of the use of which, as measured by miles driven or hours operated, has occurred in Oregon for the two years preceding the scrapping of the engine.
- "[(10)] (16) 'Public highway' has the meaning given that term in ORS 825.005.
 - "(17)(a) 'Replacement' means:

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- 25 "(A) To scrap a motor vehicle powered by a diesel engine and re-26 place the motor vehicle with an equivalent motor vehicle; or
- 27 "(B) To scrap a piece of equipment powered by a nonroad diesel 28 engine and replace the equipment with equivalent equipment.
- 29 "(b) 'Replacement' does not mean ordinary maintenance, repair or 30 replacement of a diesel engine.

- "[(11)] (18) 'Repower' means to scrap an old diesel engine and [replace]
- 2 substitute it with a new engine, a used engine or a remanufactured engine,
- 3 or with electric motors, drives or fuel cells, with a minimum useful life of
- 4 seven years.
- 5 "[(12)] (19) 'Retrofit' means to equip a diesel engine with new emissions-
- 6 reducing parts or technology after the manufacture of the original engine.
- 7 A retrofit must use the greatest degree of emissions reduction available for
- 8 the particular application of the equipment retrofitted that meets the cost-
- 9 effectiveness threshold.
- "[(13)] (20) 'Scrap' means to destroy, [and] render inoperable and recycle.
- "[(14)] (21) 'Truck' means a motor vehicle or combination of vehicles op-
- erated as a unit that has a [combined weight] gross vehicle weight rating
- that is greater than 14,000 pounds.
- "SECTION 2. ORS 468A.795, as amended by section 6a, chapter 855,
- 16 Oregon Laws 2007, is amended to read:
- 17 "468A.795. As used in ORS 468A.795 to 468A.803:
- "[(1) 'Combined weight' has the meaning given that term in ORS 825.005.]
- "(1) 'Alternative fuel' means biofuels, biogas, natural gas, liquefied
- 20 petroleum gas, hydrogen and electricity.
- "(2) 'Best available exhaust control technology' means the most
- 22 effective exhaust controls to reduce diesel particulate that rely on
- 23 passively regenerated diesel particulate control technology supported
- 24 in a vehicle's normal duty cycle.
- "[(2)] (3) 'Cost-effectiveness threshold' means the cost, in dollars, per ton
- of diesel particulate matter reduced, as established by rule of the Environ-
- 27 mental Quality Commission.
- 28 "(4) 'Diesel engine' means a compression ignition engine.
- 29 "(5) 'Environmental Mitigation Trust Agreement' means the Envi-
- 30 ronmental Mitigation Trust Agreement required by the Volkswagen

- ¹ 'Clean Diesel' Marketing, Sales Practices and Products Liability Liti-² gation partial consent decree dated October 25, 2016.
- "(6) 'Equivalent equipment' means a piece of equipment that performs the same function and has the equivalent horsepower to a piece of equipment subject to a replacement.
- "(7) 'Equivalent motor vehicle' means a motor vehicle that performs the same function and is in the same weight class as a motor vehicle subject to a replacement.
- "(8) 'Fleet' means all pieces of equipment powered by nonroad diesel engines, medium-duty trucks and heavy-duty trucks that are owned by a person and operated in Oregon.
 - "(9) 'Gross vehicle weight rating' means the value specified by the manufacturer as the maximum loaded weight of a single or a combination vehicle.
- "[(3)] (10) 'Heavy-duty truck' means a motor vehicle or combination of vehicles operated as a unit that has a [combined weight] gross vehicle weight rating that is greater than 26,000 pounds.
- "[(4)] (11) 'Incremental cost' means the cost of a qualifying repower or retrofit less a baseline cost that would otherwise be incurred in the normal course of business.
- "[(5)] (12) 'Medium-duty truck' means a motor vehicle or combination of vehicles operated as a unit that has a [combined weight] gross vehicle weight rating that is greater than 14,000 pounds but less than or equal to 26,000 pounds.
- "[(6)] (13) 'Motor vehicle' has the meaning given that term in ORS 825.005.
- "[(7) 'Nonroad Oregon diesel engine' means any Oregon diesel engine that was not designed primarily to propel a motor vehicle on public highways of this state.]
- "[(8) 'Oregon diesel engine' means an engine at least 50 percent of the use

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- of which, as measured by miles driven or hours operated, will occur in Oregon
- 2 for the three years following the repowering or retrofitting of the engine.]
- 3 "(14) 'Nonroad diesel engine' means a diesel engine of 25 horsepower
- 4 or more that is not designed primarily to propel a motor vehicle on
- 5 public highways.
- 6 "[(9)] (15) 'Oregon diesel truck engine' means a diesel engine in a truck
- 7 at least 50 percent of the use of which, as measured by miles driven or hours
- 8 operated, has occurred in Oregon for the two years preceding the scrapping
- 9 of the engine.
- "[(10)] (16) 'Public highway' has the meaning given that term in ORS
- 11 825.005.

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- "(17)(a) 'Replacement' means:
- "(A) To scrap a motor vehicle powered by a diesel engine and replace the motor vehicle with an equivalent motor vehicle; or
- "(B) To scrap a piece of equipment powered by a nonroad diesel engine and replace the equipment with equivalent equipment.
- "(b) 'Replacement' does not mean ordinary maintenance, repair or replacement of a diesel engine.
- "[(11)] (18) 'Repower' means to scrap an old diesel engine and [replace]
- 20 **substitute** it with a new engine, a used engine or a remanufactured engine,
- or with electric motors, drives or fuel cells, with a minimum useful life of
- 22 seven years.
- "[(12)] (19) 'Retrofit' means to equip a diesel engine with new emissions-
- 24 reducing parts or technology after the manufacture of the original engine.
- 25 A retrofit must use the greatest degree of emissions reduction available for
- 26 the particular application of the equipment retrofitted that meets the cost-
- 27 effectiveness threshold.
- 28 "[(13)] (20) 'Scrap' means to destroy, [and] render inoperable and 29 recycle.
- "[(14)] (21) 'Truck' means a motor vehicle or combination of vehicles op-

erated as a unit that has a [combined weight] gross vehicle weight rating that is greater than 14,000 pounds.

"(Diesel Engine Fleet Provisions)

"SECTION 3. Section 4 of this 2017 Act is added to and made a part of ORS 468A.795 to 468A.803.

"SECTION 4. (1) On and after July 1, 2018, a person may not add to a fleet, or replace a medium-duty truck or heavy-duty truck in a fleet with, a medium-duty truck or heavy-duty truck that is powered by a 2006 model year or older diesel engine, if 50 percent or more of the use of the medium-duty truck or heavy-duty truck will occur, as measured by miles driven or hours operated, within the following geographical areas:

- "(a) The area specified in ORS 815.300 (2)(a).
- "(b) The boundaries of the Portland Vehicle Inspection Area, as those boundaries were designated on the effective date of this 2017 Act by the commission by rule under ORS 468A.390.
- "(2) On and after January 1, 2025, a person may not add to a fleet, or replace a medium-duty truck or heavy-duty truck in a fleet with, a medium-duty truck or heavy-duty truck that is powered by a 2006 model year or older diesel engine.
- "(3) The Environmental Quality Commission shall adopt rules necessary to implement subsections (1) and (2) of this section. Rules adopted under this subsection:
- "(a) May allow for owners and operators of medium-duty trucks and heavy-duty trucks to be granted extensions to comply with the prohibition under subsection (1) of this section based on factors that must include, but need not be limited to:
 - "(A) Expected vehicle usage as measured by miles driven or hours

operated; and

- 2 "(B) The area in this state in which the medium-duty trucks and heavy-duty trucks are operated;
- "(b) Must allow for alternative options for compliance with the prohibition under subsection (1) of this section, including but not limited to an option for compliance through retrofitting with exhaust controls that meet standards adopted by the commission for the qualifying retrofit of a diesel engine under ORS 468A.799; and
- 9 "(c) May not require a person to replace a medium-duty truck or 10 heavy-duty truck in a fleet.
 - "(4) The following are exempt from this section:
- "(a) Motor vehicles registered as farm vehicles under the provisions of ORS 805.300 or apportioned farm vehicles under ORS 805.300.
- 14 "(b) Farm tractors, as defined in ORS 801.265.
- 15 "(c) Implements of husbandry, as defined in ORS 801.310.
- 16 "(d) Emergency vehicles, as defined in ORS 801.260.
- "(e) Special interest vehicles that are maintained as collector's items and used for exhibitions, parades, club activities and similar uses but not used primarily for the transportation of persons or property.
- 21 "(f) Fixed load vehicles.
- 22 "(g) Motor trucks, as defined in ORS 801.355, used primarily to 23 transport logs.
- 24 "(h) Motor vehicles used exclusively as training vehicles, as deter-25 mined by the commission by rule.
- 26 "(i) Low mileage vehicles, as determined by the commission by rule.
- 27 "(j) Any other medium-duty trucks or heavy-duty trucks exempted 28 from this section by the commission by rule.
- "SECTION 5. ORS 803.350 is amended to read:
- 30 "803.350. This section establishes the requirements for qualification for

- 1 registration. The Department of Transportation shall not issue registration
- 2 to a vehicle if the requirements under this section are not met. The depart-
- ment, in the absence of just cause for refusing to register a vehicle upon
- 4 application, shall assign a distinctive number or other distinctive means of
- 5 identification and shall issue registration for a vehicle if all of the following
- 6 requirements are met:
- 7 "(1) The applicant applies for and is granted title in the applicant's name
- 8 at the same time the person makes application for registration, or presents
- 9 satisfactory evidence that title covering the vehicle has been previously is-
- 10 sued to the applicant.

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- "(2) The applicant completes an application described under ORS 803.370.
- 12 If the vehicle is a reconstructed or assembled vehicle or a replica, the person
- must indicate that fact in the application or be subject to ORS 803.225.
 - "(3) The applicant pays the department the registration fee established
 - under ORS 803.420 and any applicable fees for issuance of registration plates.
 - "(4) For motor vehicles, proof of compliance with pollution control
- 17 equipment requirements is provided to the department. Proof required to
- 18 comply with this subsection is described under ORS 815.310. This subsection
- 19 does not apply if the vehicle is exempt from the requirements for proof of
- 20 compliance under ORS 815.300.
- "(5) The applicant is domiciled in this state, as described in ORS 803.355,
 - if required by ORS 803.360 to be domiciled in the state in order to register
 - a vehicle. If the department has reason to believe that the applicant is not
- 24 domiciled in this state and is required to be in order to register a vehicle,
- 25 the department may require the person to submit proof of domicile. The de-
- 26 partment shall determine by rule what constitutes proof of domicile.
- 27 "(6) The applicant owns a vehicle that qualifies under ORS 803.360 (2) for
- 28 registration in this state, if the owner is not domiciled in this state and is
- 29 not required by ORS 803.200, or any other provision of law, to register the
- 30 vehicle in this state.

- "(7) The applicant surrenders all evidence of any former registration or title as required by ORS 803.380.
- "(8)(a) Beginning with 2009 model year new motor vehicles, the applicant provides proof of compliance with low emission motor vehicle standards adopted pursuant to ORS 468A.360. The department shall determine by rule what constitutes proof of compliance with low emission motor vehicle standards.
- "(b) The department shall determine by rule which new motor vehicles are exempt from the requirements of this subsection. Any rules adopted pursuant to this paragraph shall be consistent with the Environmental Quality Commission standards adopted pursuant to ORS 468A.360.
 - "(c) For purposes of this subsection, 'new motor vehicle' means a motor vehicle with 7,500 miles or less on the odometer when the vehicle is initially registered under ORS 803.420 (1), 805.100 or 805.120.
 - "(9)(a) If applicable, the applicant provides proof of compliance with diesel engine emission standards for medium-duty trucks and heavy-duty trucks adopted pursuant to section 4 of this 2017 Act. The department shall determine by rule what constitutes proof of compliance with diesel engine emission standards for medium-duty trucks and heavy-duty trucks.
 - "(b) The department shall determine by rule which vehicles are subject to the requirements of this subsection. Any rules adopted pursuant to this subsection shall be consistent with the Environmental Quality Commission standards adopted pursuant to section 4 of this 2017 Act.
- "[(9)] (10) If required to do so by the department, the applicant provides
 the department with satisfactory proof that the vehicle was designed to be
 operated on highways and meets equipment requirements imposed by statute
 or rule for the lawful operation of a vehicle on highways. The department
 may adopt rules specifying the kinds of vehicles that are subject to this

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- subsection and what constitutes satisfactory proof under this subsection.
- "SECTION 6. Section 7 of this 2017 Act is added to and made a part of ORS 468A.795 to 468A.803.
- "SECTION 7. (1) The Environmental Quality Commission shall adopt by rule emission standards for nonroad diesel engines providing that:
- "(a) For fleets where 50 percent or more of the use of the nonroad pieces of equipment in the fleet will occur, as measured by miles driven or hours operated, within the area specified in ORS 815.300 (2)(a) or the boundaries of the Portland Vehicle Inspection Area, as those boundaries were designated on the effective date of this 2017 Act by the commission by rule under ORS 468A.390:
 - "(A) On and after July 1, 2020, a person may not add to a large fleet, or replace a nonroad piece of equipment in a large fleet with, a nonroad piece of equipment that is powered by a nonroad diesel engine that does not exceed the United States Environmental Protection Agency Tier 2 standards for nonroad diesel exhaust emissions;
 - "(B) On and after July 1, 2020, a person may not add to a small fleet, or replace a nonroad piece of equipment in a small fleet with, a nonroad piece of equipment that is powered by a nonroad diesel engine that does not exceed the United States Environmental Protection Agency Tier 1 standards for nonroad diesel exhaust emissions; and
 - "(C) On and after July 1, 2023, a person may not add to a small fleet, or replace a nonroad piece of equipment in a small fleet with, a nonroad piece of equipment that is powered by a nonroad diesel engine that does not exceed the United States Environmental Protection Agency Tier 2 standards for nonroad diesel exhaust emissions; and
 - "(b) For all fleets operating in this state, including fleets subject to paragraph (a) of this subsection, on and after July 1, 2025, a person may not add to a fleet, or replace a nonroad piece of equipment in a

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- 1 fleet with, a nonroad piece of equipment that is powered by a nonroad
- 2 diesel engine that does not exceed the United States Environmental
- 3 Protection Agency Tier 3 standards for nonroad diesel exhaust emis-

sions.

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- 5 "(2) The standards adopted under this section may not require a 6 person to replace a nonroad piece of equipment in a fleet.
- "(3) The commission may adopt by rule provisions for exemptions, extensions and alternative options for compliance related to the standards required by this section, and other provisions as necessary to implement and to facilitate compliance with the standards adopted by rule under this section. Rules adopted under this subsection may include provisions for tracking compliance with the standards by publicly owned fleets.
 - "(4) The standards adopted under this section, and implementation and enforcement of the standards, must be consistent with the requirements of section 209(e) of the federal Clean Air Act (P.L. 88-206 as amended).
 - "SECTION 8. (1) As used in this section, 'nonroad diesel engine' has the meaning given that term in ORS 468A.795.
 - "(2) Subject to subsection (3) of this section, every person required to make a return under ORS 308.290 (1), and every company and association required to file a statement under 308.520 or 308.810, respectively, shall include with the return or statement, as applicable, a separate statement that sets forth for each nonroad piece of equipment powered by a nonroad diesel engine included in the return or statement the manufacturer, model year, model number, serial number, horsepower and engine family name.
 - "(3) Subsection (2) of this section applies only to a person, company or association required to file a return or statement that includes one or more nonroad pieces of equipment powered by a nonroad diesel

- engine that was either located on January 1, at 1:00 a.m. of the assessment year in, or was used more than 50 percent of the time in, as measured by miles driven or hours operated, the following geographic
- 4 areas:

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- 5 "(a) The area specified in ORS 815.300 (2)(a).
- "(b) The boundaries of the Portland Vehicle Inspection Area, as those boundaries were designated on the effective date of this 2017 Act by the commission by rule under ORS 468A.390.
- "(4) Notwithstanding ORS 308.290 (7), the Department of Revenue 9 or the county assessor may disclose the information included in the 10 separate statement required under subsection (1) of this section to the 11 Department of Environmental Quality. Information shared with the 12 Department of Environmental Quality under this section may be used 13 by the department solely to determine compliance with the emission 14 standards for nonroad diesel engines adopted by the Environmental 15 Quality Commission under section 7 of this 2017 Act. 16
 - "(5) The Department of Environmental Quality, in consultation with the Department of Revenue, may adopt rules as necessary to implement the provisions of this section.
 - "SECTION 9. The amendments to section 8 of this 2017 Act by section 10 of this 2017 Act become operative January 1, 2025.
 - "SECTION 10. Section 8 of this 2017 Act is amended to read:
- "Sec. 8. (1) As used in this section, 'nonroad diesel engine' has the meaning given that term in ORS 468A.795.
- "(2) [Subject to subsection (3) of this section,] Every person required to make a return under ORS 308.290 (1), and every company and association required to file a statement under 308.520 or 308.810, respectively, shall include with the return or statement, as applicable, a separate statement that sets forth for each nonroad piece of equipment powered by a nonroad diesel engine included in the return or statement the manufacturer, model year,

- 1 model number, serial number, horsepower and engine family name.
- "[(3) Subsection (2) of this section applies only to a person, company or
- 3 association required to file a return or statement that includes one or more
- 4 nonroad pieces of equipment powered by a nonroad diesel engine that was ei-
- 5 ther located on January 1, at 1:00 a.m. of the assessment year in, or was used
- 6 more than 50 percent of the time in, as measured by miles driven or hours
- 7 operated, the following geographic areas:]
- 8 "[(a) The area specified in ORS 815.300 (2)(a).]
- 9 "[(b) The boundaries of the Portland Vehicle Inspection Area, as those
- 10 boundaries were designated on the effective date of this 2017 Act by the com-
- 11 mission by rule under ORS 468A.390.]
- "[(4)] (3) Notwithstanding ORS 308.290 (7), the Department of Revenue or
- 13 the county assessor may disclose the information included in the separate
- 14 statement required under subsection (1) of this section to the Department of
- 15 Environmental Quality. Information shared with the Department of Envi-
- 16 ronmental Quality under this section may be used by the department solely
- 17 to determine compliance with the emission standards for nonroad diesel en-
- 18 gines adopted by the Environmental Quality Commission under section 7 of
- 19 this 2017 Act.
- "[(5)] (4) The Department of Environmental Quality, in consultation with
- 21 the Department of Revenue, may adopt rules as necessary to implement the
- 22 provisions of this section.

"(Clean Diesel Engine Fund Uses)".

- In line 6, delete "3" and insert "11".
- In line 13, delete "replacement,".
- In line 18, delete "4" and insert "12".
- In line 24, delete "replacement,".
- In line 29, delete "5" and insert "13".

- On page 5, delete lines 2 through 8 and insert:
- 2 "(B) The equivalent equipment is powered by:
- "(i) A nonroad diesel engine, whether or not capable of being powered by
- 4 alternative fuel, that meets or exceeds United States Environmental Pro-
- 5 tection Agency Tier 4 exhaust emission standards for nonroad compression
- 6 ignition engines;
- 7 "(ii) A nonroad engine capable of being powered by alternative fuel that
- 8 meets or exceeds United State Environmental Protection Agency Tier 2 ex-
- 9 haust emission standards for nonroad spark ignition engines; or
- "(iii) A nonroad engine powered by electricity.
- "(c) For the qualifying repower of a nonroad diesel engine, that the repower will be accomplished using:
- "(A) A nonroad diesel engine, whether or not capable of being powered by alternative fuel, that is at least one tier higher than the engine to be scrapped, based on the United States Environmental Protection Agency tier standards for nonroad compression ignition engines;
- "(B) A nonroad engine capable of being powered by alternative fuel that meets or exceeds United State Environmental Protection Agency Tier 2 exhaust emission standards for nonroad spark ignition engines; or
- 20 "(C) A nonroad engine powered by electricity.".
- 21 After line 14, insert:
- "(3) The commission by rule shall establish standards for the methods of recycling used for scrapping a motor vehicle, a piece of equipment powered by a nonroad diesel engine or a nonroad diesel engine after a qualifying replacement or repower."
- In line 15, delete "(3)" and insert "(4)".
- In line 21, delete "6" and insert "14".
- Delete lines 38 through 44 and insert:
- 29 "(B) The equivalent equipment is powered by:
- "(i) A nonroad diesel engine, whether or not capable of being powered by

- alternative fuel, that meets or exceeds United States Environmental Pro-
- 2 tection Agency Tier 4 exhaust emission standards for nonroad compression
- 3 ignition engines;
- 4 "(ii) A nonroad engine capable of being powered by alternative fuel that
- 5 meets or exceeds United State Environmental Protection Agency Tier 2 ex-
- 6 haust emission standards for nonroad spark ignition engines; or
- 7 "(iii) A nonroad engine powered by electricity.
- 8 "(c) For the qualifying repower of a nonroad diesel engine, that the re-
- 9 power will be accomplished using:
- "(A) A nonroad diesel engine, whether or not capable of being powered
- by alternative fuel, that is at least one tier higher than the engine to be
- 12 scrapped, based on the United States Environmental Protection Agency tier
- standards for nonroad compression ignition engines;
- "(B) A nonroad engine capable of being powered by alternative fuel that
- meets or exceeds United State Environmental Protection Agency Tier 2 ex-
- haust emission standards for nonroad spark ignition engines; or
- "(C) A nonroad engine powered by electricity.".
- On page 6, after line 5, insert:
- "(3) The commission by rule shall establish standards for the methods of
- 20 recycling used for scrapping a motor vehicle, a piece of equipment powered
- by a nonroad diesel engine or a nonroad diesel engine after a qualifying re-
- 22 placement or repower.".
- 23 In line 6, delete "(3)" and insert "(4)".
- In line 11, delete "7" and insert "15".
- In line 24, delete "and".
- In line 27, delete the period and insert "; and
- "(e) Any other moneys deposited in the fund from any source.".
- Delete lines 28 through 45 and delete pages 7 and 8.
- On page 9, delete lines 1 through 15 and insert:
- **"SECTION 16.** ORS 468A.803 is amended to read:

- "468A.803. (1) The Department of Environmental Quality shall use the moneys in the Clean Diesel Engine Fund to award:
- "(a) Grants and loans to the owners and operators of motor vehicles
 powered by diesel engines, and equipment powered by nonroad diesel
 engines, for up to 25 percent of the certified costs of qualifying replacements as described in ORS 468A.797 and 468A.799;
- "[(a)] (b) Grants and loans to the owners and operators of [Oregon] diesel engines for up to 100 percent of the certified costs of qualifying retrofits as described in ORS 468A.797 and 468A.799;
- "[(b)] (c) Grants and loans to the owners and operators of nonroad [Oregon] diesel engines for up to 25 percent of the certified costs of qualifying repowers as described in ORS 468A.797 and 468A.799; and
- "[(c)] (d) Grants to the owners of Oregon diesel truck engines to scrap those engines.
- "[(2) Subject to and consistent with federal law, any moneys received from the federal government that are deposited in the Clean Diesel Engine Fund under ORS 468A.801 (2)(b) must be used for initiatives to reduce emissions from diesel engines. Subsections (1), (3) to (5) and (7) of this section and ORS 468A.797 and 468A.799 do not apply to use of moneys in the Clean Diesel Engine Fund received from the federal government.]
 - "(2) The Environmental Quality Commission by rule may set grant or loan award rates at a percentage that is greater than a percentage allowed under subsection (1) of this section, provided that the grant or loan assistance will not exceed the cost-effectiveness threshold, if the higher percentage award rate would:
 - "(a) Benefit sensitive populations or areas with elevated concentrations of diesel particulate matter; or
- 28 "(b) Otherwise increase participation by those categories of owners 29 or operators.
- "(3) In determining the amount of a grant or loan under this section, the

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- department must reduce the incremental cost of a qualifying **replacement,**repower or retrofit by the value of any existing financial incentive that directly reduces the cost of the qualifying **replacement,** repower or retrofit,
- 4 including tax credits, other grants or loans, or any other public financial assistance.
 - "(4) The department may certify third parties to perform qualifying **replacements**, repowers and retrofits and may contract with third parties to perform such services for the certified costs of qualifying **replacements**, repowers and retrofits. The department may also contract with institutions of higher education or other public bodies as defined by ORS 174.109 to train and certify third parties to perform qualifying **replacements**, repowers and retrofits.
 - "(5) The department may not award a grant or loan for a replacement, repower or retrofit under subsection (1) of this section unless the grant or loan applicant demonstrates to the department's satisfaction that the resulting equivalent motor vehicle, equivalent equipment, repowered nonroad diesel engine or retrofitted diesel engine will undergo at least 50 percent of its use in Oregon, as measured by miles driven or hours operated, for the three years following the replacement, repower or retrofit.
 - "[(5)] (6) The department may not award a grant to scrap an Oregon diesel truck engine under subsection (1)[(c)] of this section unless the engine was manufactured prior to 1994 and the engine is in operating condition at the time of the grant application or, if repairs are needed, the owner demonstrates to the department's satisfaction that the engine can be repaired to an operating condition for less than its commercial scrap value. The [Environmental Quality] commission shall adopt rules for a maximum grant awarded under subsection (1)[(c)] of this section for an engine in a heavy-duty truck and for an engine in a medium-duty truck. A grant awarded under subsection (1)[(c)] of this section may not be combined with any other tax

- credits, grants or loans, or any other public financial assistance, to scrap an Oregon diesel truck engine.
- "(7) Subject to and consistent with federal law, any moneys received from the federal government that are deposited in the Clean Diesel Engine Fund under ORS 468A.801 (2)(b) must be used for initiatives to reduce emissions from diesel engines. Subsections (1) to (6) of this section and ORS 468A.797 and 468A.799 do not apply to use of moneys in the fund received from the federal government.
 - "(8) Any moneys received by the State of Oregon pursuant to a voluntary written agreement or a settlement approved in an administrative or judicial proceeding that are deposited in the Clean Diesel Engine Fund must be used by the department for activities consistent with the terms and conditions of the agreement or settlement. Subsections (1) to (6) of this section and ORS 468A.797 and 468A.799 do not apply to the use of moneys in the fund received pursuant to this subsection.
 - "[(6)] (9) Except as provided in subsection (8) of this section, the department may use the moneys in the Clean Diesel Engine Fund to pay expenses of the department in administering the program described in [this section] ORS 468A.795 to 468A.803.
 - "[(7) The commission shall adopt rules to implement this section and ORS 468A.801, including but not limited to establishing preferences for grant and loan awards based upon percentage of engine use in Oregon, whether a grant or loan applicant will provide matching funds, whether scrapping, repowering or retrofitting an engine will benefit sensitive populations or areas with elevated concentrations of diesel particulate matter, or such other criteria as the commission may establish. The rules adopted by the commission shall reserve a portion of the financial assistance available each year for applicants that own or operate a small number of Oregon diesel engines or Oregon diesel truck engines and shall provide for simplified access to financial assistance for those

1 applicants.]

"[(8) The department may perform activities necessary to ensure that recipients of grants and loans from the Clean Diesel Engine Fund comply with applicable requirements. If the department determines that a recipient has not complied with applicable requirements, it may order the recipient to refund all grant or loan moneys and may impose penalties pursuant to ORS 468.140.]

"SECTION 17. Sections 18 and 19 of this 2017 Act are added to and made a part of ORS 468A.795 to 468A.803.

"(Environmental Mitigation Trust Agreement Moneys; Uses)

"SECTION 18. (1) Subject to and consistent with ORS 468A.803 (8) and with the terms of the Environmental Mitigation Trust Agreement, any moneys received by the State of Oregon pursuant to the agreement that are deposited in the Clean Diesel Engine Fund under ORS 468A.801 must be used by the Department of Environmental Quality to award grants for the purpose of reducing nitrogen oxides emissions from diesel engines.

- "(2) To the extent authorized by the agreement, the department shall allocate moneys awarded pursuant to subsection (1) of this section as follows:
- "(a)(A) The department shall first award grants to owners and operators of school buses to reduce emissions from at least 450 diesel powered school buses operating in this state.
- "(B) In awarding grants under this paragraph, the department shall begin by awarding grants to owners and operators of school buses that are of the median model year of diesel school buses operating in this state, and shall proceed to award grants for replacing buses through the adjoining model years until the requirements of subparagraph (A) of this paragraph are met. A grant may be awarded under this para-

- graph for any school bus within the control of an owner or operator that meets the following conditions:
- 3 "(i) The school bus has at least three years of remaining useful life;
- "(ii) Use of the school bus has occurred in Oregon during the year preceding the date of the grant; and
- "(iii) For the three years following receipt of a grant award, the school bus use for which the owner or operator received the grant will occur in Oregon.
- 9 "(C) The grant amount per school bus awarded under this para-10 graph shall be for:
 - "(i) Up to 30 percent of the cost to purchase a school bus that meets minimum standards adopted by the State Board of Education under ORS 820.100 for the applicable class or type of school bus; or
 - "(ii) Up to 100 percent of the cost to retrofit a school bus with emissions-reducing parts or technology that result in a reduction of diesel particulate matter emissions by at least 85 percent when compared with the baseline emissions for the relevant engine year and application.
- "(b) Moneys remaining after the requirements of paragraph (a) of this subsection are met shall be allocated by the department, subject to the preferences for grant awards established under subsection (4) of this section, among:
- 23 "(A) Owners and operators of:
- 24 "(i) Drayage trucks;

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- 25 "(ii) Delivery trucks;
- 26 "(iii) Waste hauling trucks;
- 27 "(iv) Transit buses; and
- 28 "(v) Airport ground support equipment;
- (B) Motor vehicles owned and operated by local governments; and
- 30 "(C) Actions for which moneys under the agreement may be ex-

- 1 pended pursuant to the Diesel Emission Reduction Act Option, as
- 2 provided for in Appendix D-2 to the Volkswagen 'Clean Diesel' Mar-
- 3 keting, Sales Practices and Products Liability Litigation partial con-
- 4 sent decree dated October 25, 2016.
- 5 "(3) The department may not award a grant under subsection (2)(b)
- of this section to the owner or operator of a motor vehicle powered
- 7 by a diesel engine or a piece of equipment powered by a nonroad diesel
- 8 engine unless the following criteria are met:
- 9 "(a)(A) If a motor vehicle, the motor vehicle is powered by a 2006
- 10 model year or older diesel engine; or
- 11 "(B) If a piece of equipment, the piece of equipment is powered by
- 12 a nonroad diesel engine that does not meet United States Environ-
- 13 mental Protection Agency Tier 4 or higher exhaust emission standards
- 14 for nonroad compression ignition engines.
- 15 "(b) During the year preceding the date of the grant, use of the
- 16 motor vehicle or piece of equipment has occurred in a geographic area
- in Oregon with elevated levels of diesel particulate matter and nitro-
- 18 gen oxides emissions from diesel engines.
- "(c) The motor vehicle or piece of equipment is authorized for use
- 20 in this state.
- 21 "(d) For the three years following the receipt of a grant award, at
- least 50 percent of the motor vehicle or equipment use for which the
- owner or operator received the grant will occur in geographic areas in
- Oregon with elevated levels of diesel particulate matter and nitrogen
- oxides emissions from diesel engines, as measured by miles driven or
- 26 hours operated.
- 27 "(e) The grant will not exceed the cost-effectiveness threshold
- 28 where, notwithstanding ORS 468A.795, the 'cost-effectiveness
- 29 threshold' for purposes of this paragraph means the cost in dollars per
- 30 ton of diesel particulate matter and nitrogen oxides emissions from

- diesel engines reduced, as established by rule of the Environmental Quality Commission.
- "(f) Any other criteria the department deems necessary to ensure that a grant award will result in reducing emissions from diesel engines in this state.
- "(4) The department shall establish preferences for awarding grants under this section. In establishing preferences under this subsection, the department shall give first preference to projects supported by a grant that will benefit areas identified by demographic and health factors as priority areas for reducing the impacts of emissions from diesel engines. The department shall secondarily give preferences based on whether a project supported by a grant will:
 - "(a) Benefit populations that are disproportionately impacted by emissions from diesel engines including but not limited to the elderly, children and low income or minority populations.
- 16 "(b) Be carried out by an applicant that is a disadvantaged business 17 enterprise, as defined in ORS 205.005.
 - "(c) Reflect engagement with and the support of a local community in the design and performance of a project.
- 20 "(d) Involve the replacement of motor vehicles or pieces of equip-21 ment that have at least three years of remaining useful life.
 - "(e) Utilize low carbon fuels.
- 23 "(f) Involve small fleets.

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- "(g) Be part of a broad-based air quality program documented to identify and address air quality concerns, including an ability to promote and continue efforts beyond the end of the project.
- "(h) Be part of a program that is designed to reduce diesel particulate matter and nitrogen oxides emissions from diesel engines through a clean diesel public improvement program organized by a local or regional government.

"(i) Meet any other criteria the department deems necessary to ensure that a grant award will result in a reduction in emissions from diesel engines in this state.

"(Rules)

- "SECTION 19. (1) The Environmental Quality Commission shall adopt rules necessary to implement ORS 468A.795 to 468A.803.
- "(2) Rules adopted under this section must include, but need not be limited to, rules that establish preferences for awarding grants and loans under ORS 468A.803 (1) based upon:
 - "(a) A percentage of diesel engine use in Oregon;
 - "(b) Whether a grant or loan applicant will provide matching funds;
- "(c) Whether scrapping, replacement, repowering or retrofitting an engine will benefit sensitive populations or areas with elevated concentrations of diesel particulate matter; or
 - "(d) Other criteria as the commission may establish.
- "(3) Rules adopted by the commission under this section must reserve a portion of the financial assistance available each year for applicants that own or operate a small number of diesel engines or Oregon diesel truck engines and must provide for simplified access to financial assistance for those applicants.
- "(4) The Department of Environmental Quality may perform activities necessary to ensure that recipients of grants and loans from the Clean Diesel Engine Fund comply with applicable requirements. If the department determines that a recipient has not complied with applicable requirements, the department may order the recipient to refund all grant or loan moneys and may impose penalties pursuant to ORS 468.140.

"(School Buses)

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- **"SECTION 20.** ORS 468A.796 is amended to read:
- 4 "468A.796. (1) All school buses with diesel engines operated in Oregon must, by January 1, 2025, be:
- "[(1) Retrofitted with 2007 equivalent engines and 2007 fine particulate matter capture technology by January 1, 2017; or]
- "(a) Repowered with an engine meeting 2007 fine particulate matter federal exhaust emission standards for diesel heavy-duty engines as set forth in 40 C.F.R. 86.007-11;
- 11 "(b) Retrofitted:
- "(A) If retrofitted prior to the effective date of this 2017 Act, with best available exhaust control technology; or
- "(B) If retrofitted on or after the effective date of this 2017 Act, with exhaust controls meeting 2007 fine particulate matter federal exhaust emission standards for diesel heavy-duty engines as set forth in 40 C.F.R. 86.007-11; or
- "[(2)] (c) Replaced with school buses manufactured on or after January 1, 2007[, by January 1, 2025].
 - "(2) A school bus replaced under [this subsection] subsection (1)(c) of this section may not be used for transportation of any type.
- "SECTION 21. ORS 327.033 is amended to read:
- "327.033. (1) As used in this section, 'retrofit' and 'Environmental Mitigation Trust Agreement' have the meanings given those terms in ORS 468A.795.
- 26 "[(1)] (2) Approved transportation costs shall be estimated for the year of distribution.
- 28 "[(2)] (3) In determining approved transportation costs, the State Board of Education:
- 30 "(a) Shall include depreciation of original cost to the school district of

- district-owned buses, not in excess of 10 percent per year; [and]
- "(b) Shall include the costs to retrofit[, as defined in ORS 468A.795,] or
- 3 to replace school buses for the purpose of reducing or eliminating diesel en-
- 4 gine emissions, except that the board may not include the costs paid with
- 5 moneys received from the state by a school district from the Clean Diesel
- 6 Engine Fund under ORS 468A.801 (2)(a) to retrofit or to replace school buses
- 7 for the purpose of reducing or eliminating diesel engine emissions[.]; and
- 8 "(c) Shall include costs to replace diesel school buses as allowed in
- 9 the Environmental Mitigation Trust Agreement, except that the board
- 10 may not include costs paid from the Environmental Mitigation Trust
- 11 Agreement in the calculation of the transportation grant computed
- 12 as provided in ORS 327.013.
- "[(3)] (4) School districts shall account separately for those funds received
- 14 from the State School Fund attributable to the costs included under sub-
- section [(2)] (3) of this section, and expenditure of those funds shall be lim-
- 16 ited as follows:
- 17 "(a) The expenditure of funds attributable to costs under subsection
- 18 [(2)(a)] (3)(a) of this section shall be limited to the acquisition of new buses.
- 19 "(b) The expenditure of funds attributable to costs under subsection
- [(2)(b)] (3)(b) and (c) of this section shall be limited to the costs to
- 21 retrofit[, as defined in ORS 468A.795,] or to replace school buses for the
- 22 purpose of reducing or eliminating diesel engine emissions.
- 23 "(5) The transportation grant computed as provided in ORS 327.013
- 24 when combined with costs paid from the Environmental Mitigation
- 25 Trust Agreement to replace diesel school buses may not exceed the
- 26 purchase price of the buses for which the funds described in this sub-
- 27 section were received.".
- In line 21, delete "11" and insert "22".
- On page 10, line 17, delete "12" and insert "23" and delete "11" and insert
- 30 **"22"**.

- In line 18, delete "13" and insert "24".
- On page 11, line 1, delete "14" and insert "25" and delete "13" and insert "24".
- In line 5, delete "15" and insert "26".
- In line 8, delete "11" and insert "22".
- 6 After line 9, insert:

"IDLING BY PRIMARY ENGINES IN COMMERCIAL VEHICLES

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- "SECTION 27. ORS 825.610 is amended to read:
- 11 "825.610. (1) ORS 825.605 does not apply to a commercial vehicle if it is 12 necessary to idle the primary engine of the commercial vehicle:
- "[(1)] (a) Due to traffic, a traffic control device or mechanical difficulties
 over which the operator has no control or at the direction of a law
 enforcement official or road authority.
- "[(2)] (b) Due to the need to operate defrosters, heaters or air conditioners or installing equipment necessary to comply with manufacturers' operating requirements, specifications and warranties or with federal, state or local safety regulations.
- "[(3)] (c) Because the commercial vehicle is a police, fire, ambulance, public safety, military, utility service or road authority vehicle, or any other vehicle being used to respond to an emergency or for other public safety purposes, or being actively used for training for emergencies or public safety.
- "[(4)] (d) For maintenance, service, repair or diagnostic purposes or for particulate matter trap regeneration.
- "[(5)] (e) For a state or federal inspection to verify that all equipment is in good working order.
- "[(6)] (f) To power work-related mechanical, safety, electrical or construction equipment installed on the vehicle that is not used for propulsion.
- "[(7)] (g) Because the commercial vehicle is an armored vehicle and a

person must remain inside the vehicle to guard the contents or while the vehicle is being loaded or unloaded.

"[(8)] (h) To maintain the comfort of commercial bus passengers while passengers are on board.

"[(9)] (i) In a commercial vehicle with a gross vehicle weight rating of more than 26,000 pounds, for purposes of air conditioning or heating during a rest or sleep period and the outside temperature is less than 50 degrees or greater than 75 degrees Fahrenheit at any time during the rest or sleep period. This subsection applies to a commercial vehicle with a sleeper berth compartment that is parked in any place that a commercial vehicle is legally permitted to park, including, but not limited to, a fleet trucking terminal, commercial vehicle stop or designated rest area. This exemption does not apply if the commercial vehicle is equipped with an auxiliary power unit or other suitable idle reduction technology, if the commercial vehicle is parked at a location equipped with suitable stationary idle reduction technology that is available for use, or during a rest or sleep period when the commercial vehicle is parked on or adjacent to a public or private educational institution offering education in all or part of kindergarten through grade 12, unless the outside temperature is greater than 75 degrees Fahrenheit and the auxiliary power unit provides heating only, in which case the person may idle the primary engine to provide air conditioning.

"[(10)] (j) In a commercial vehicle with a gross vehicle weight rating of more than 26,000 pounds, for purposes of air conditioning or heating while waiting to load or unload the commercial vehicle or while actually loading or unloading the commercial vehicle, and the outside temperature is less than 50 degrees or greater than 75 degrees Fahrenheit at the time. This exemption does not apply if the commercial vehicle is equipped with an auxiliary power unit or other suitable idle reduction technology, or if the commercial vehicle is parked at a location equipped with suitable stationary idle reduction technology that is available for use, unless the outside tem-

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- perature is greater than 75 degrees Fahrenheit and the auxiliary power unit provides heating only, in which case the person may idle the primary engine to provide air conditioning.
- "[(11)] (**k**) For a maximum of 30 minutes while waiting to load or unload the commercial vehicle [or while actually loading or unloading the commercial vehicle] during a single loading or unloading event.
 - "(2)(a) ORS 825.605 does not apply to a commercial vehicle when the engine manufacturer has certified that a new 2008 and subsequent model year commercial vehicle diesel engine meets an optional nitrogen oxides idling emission standard of 30 grams per hour while not affecting the associate emissions of carbon monoxide, particulate matter and nonmethane hydrocarbons.
 - "(b) A manufacturer that certifies that its engine meets the standard specified in paragraph (a) of this subsection shall provide a sticker to be affixed to the commercial vehicle to demonstrate compliance with the idling emission standard.
 - "SECTION 28. ORS 825.615 is amended to read:

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- "825.615. (1) The authority to regulate the idling of primary engines in commercial vehicles is vested solely in the Legislative Assembly. A city, county or other local government may not enact any charter provision, ordinance, resolution or other provision regulating the idling of primary engines in commercial vehicles.
 - "(2) Notwithstanding subsection (1) of this section, a city, county or other local government may enforce any charter provision, ordinance, resolution or other provision regulating the idling of primary engines in commercial vehicles in effect on January 1, 2011.
 - "(3)(a) Notwithstanding subsection (1) of this section, a city, county or other local government may adopt by ordinance provisions that place greater restrictions than state law on the idling of diesel primary engines in commercial vehicles within zones established by the ordi-

- nance that are on or adjacent to one or more of the following types
 of facilities:
- "(A) Public or private educational institutions offering education in
 all or part of kindergarten through grade 12.
- 5 "(B) Child care facilities as defined in ORS 329A.250 and child care facilities operated by public bodies as defined in ORS 174.109.
 - "(C) Hospitals as defined in ORS 442.015.
 - "(D) Residential care facilities as defined in ORS 443.400.
 - "(b) An ordinance adopted pursuant to this subsection may not restrict the idling of diesel primary engines in commercial vehicles where such idling is necessary to power work-related mechanical, safety, electrical or construction equipment installed on the vehicle that is not used for propulsion.
 - "(c) An ordinance adopted pursuant to this subsection is effective when appropriate signs giving notice of the idling restrictions are posted in a conspicuous location near the restricted idling zone. The expense of erecting any sign under this subsection shall be borne by the city, county or other local government that adopted the ordinance. All signs posted under this subsection must comply with ORS 810.200."
- In line 14, delete "16" and insert "29".
 - On page 12, after line 30, insert:

"OPERATION OF NONROAD DIESEL ENGINE EMISSION STANDARDS

"SECTION 30. The Environmental Quality Commission shall adopt rules as required by section 7 of this 2017 Act no later than January 1, 2018. Rules adopted under section 7 of this 2017 Act may not become operative until at least two years after the date that the rules are filed

with the Secretary of State under ORS 183.355.".

- In line 34, delete "17" and insert "31".
- In line 40, delete "18" and insert "32".
