



The League of Women Voters of Oregon is a 101-year-old grassroots nonpartisan political organization that encourages informed and active participation in government. We envision informed Oregonians participating in a fully accessible, responsive, and transparent government to achieve the common good. LWVOR Legislative Action is based on advocacy positions formed through studies and member consensus. The League never supports or opposes any candidate or political party.

March 3, 2021

To: House Committee on Energy and Environment
Representative Pam Marsh, Chair

Re: HB 2674 - 1 - Providing critical funding for a Clean Diesel Fund - **SUPPORT**

Since 1968, LWVOR has been a voice on behalf of air quality and supports adequate financing for air pollution abatement programs.

Diesel pollution is one of Oregon’s greatest toxic air pollution problems, costing us billions in lost lives and health care costs across the state. In the 2019 legislative session, HB 2007 was passed in order to accelerate diesel clean-up by phasing out older diesel engines in medium- and heavy-duty trucks in Multnomah, Clackamas, and Washington Counties, but it requires funding to effect those changes.

The number of older diesel engines found to be currently in the on-road and off-road fleets has been surprising and daunting, and transitioning older equipment to newer, cleaner models can be incredibly expensive. It is essential that new funding strategies be developed to support businesses in upgrading their fleets and addressing diesel emissions statewide. Current funding sources, such as the VW settlement dollars, don’t come close to representing the amount of funding that California and Washington have allocated to support businesses in making these needed transitions away from dirty diesel.

The “Supporting Businesses in Reducing Diesel Emissions Task Force” considered new public funding strategies. They reviewed several options for possible revenue sources for an incentive program, including proven, practical approaches utilized in Washington, California, and Texas. Their research found that:

- An excise tax of three percent on the retail sale of tires can likely be imposed without a significant impact on market consumption and the number of new tires sold in Oregon.
- A privilege/use tax on the sale of new heavy-duty trucks would be a logical extension of HB 2017, the privilege/use tax on the price of new light-duty vehicles.
- A surcharge on the sale, lease, and rental of off-road equipment has been successful in Texas at a similar rate.
- Taxing nonroad dyed diesel fuel would incentivize that sector to make changes. Because this diesel fuel tax, like the gas tax, would be collected at the terminal level rather than the retail level, it would have low administrative overhead, and would also provide a relatively stable funding source.

These tax sources have been carefully chosen and researched by the Task Force as the best possible solutions to finding the funding that will help Oregon make these critical changes. The relatively small costs to each of us will create a pathway to benefit all of us.

Thank you for your careful consideration of this legislation.

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