



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #260

### **Repeal Diesel Truck Idling Reduction Grant Program (Commerce -- Housing, Buildings, and Environmental Regulation)**

[LFB 2009-11 Budget Summary: Page 196, #1]

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#### **CURRENT LAW**

The diesel truck idling reduction grant program was created in 2005 Wisconsin Act 25 to provide grants to motor carriers that transport freight, for idling reduction units that provide heat, air conditioning, or electricity to a diesel truck when the main drive engine of the truck is not operating. The program is authorized to award grants between July, 2006, and June, 2011. The program is appropriated \$1 million annually for grants, and was provided an additional \$1 million in each of 2007-08 and 2008-09 on a one-time basis. Grants and 1.0 position for administration of the program are funded from the segregated petroleum inspection fund.

#### **GOVERNOR**

Repeal the diesel truck idling reduction grant program. Delete \$1,077,500 petroleum inspection fund SEG and 1.0 position annually (\$2,155,000 for the biennium), including \$1,000,000 for grants and \$77,500 for administration.

#### **DISCUSSION POINTS**

1. The program is intended to help Wisconsin-headquartered motor carriers reduce air pollution emissions and fuel consumption. Grants fund a portion of the costs of the purchase and installation of idling reduction units on truck tractors with post-1998 diesel truck engines. Post-1998 engines have to comply with specific U.S. Environmental Protection Agency air emission standards. Idling reduction units provide alternative power, heat, ventilation, or air conditioning to the truck tractor so the engine does not have to idle when the truck is parked. The program requires

that use of the idling reduction unit must result in a decrease in air emissions or in a decrease in the use of energy.

2. In 2006-07 through 2008-09, the program was appropriated \$5,000,000 for grants. During the three years, Commerce made 339 awards totaling \$4,017,300 for 1,071 idling reduction grant units. In 2008-09, Commerce transferred \$750,000 of the \$2,000,000 to the general fund as part of its allocated lapses under 2007-09 budget requirements. The Department closed the program to additional applications.

3. The statutes establish a cumulative maximum number of idling reduction units that can be purchased under the program, based on the eligible number of post-1998 truck tractors owned and operated by the applicant. The cumulative maximum number of units funded is for the 2007-08 through 2010-11 grant cycles, and excludes the 2006-07 grant cycle. For example, if the applicant owns and operates two to 10 eligible truck tractors, up to two idling reduction units can be funded. If the applicant owns and operates 11 to 50 eligible truck tractors, the program can fund the greater of two or 10% of eligible truck tractors. In the largest category, if the applicant owns over 2,500 eligible truck tractors, the program can fund the greater of 125 or 3% of eligible truck tractors.

4. Commerce officials indicate some motor carriers expressed interest in applying for additional grants, but did not do so because they had already received grants for the cumulative maximum number of idling reduction units they were eligible for.

5. Administration officials indicated the Governor intended to lapse the deleted \$2,155,000 in funding from the balance of the petroleum inspection fund to the general fund as part of overall reductions in operations and grants programs.

6. In 2008, the U.S. Environmental Protection Agency (EPA) provided grants to several states, including Wisconsin, for clean diesel programs. The Department of Natural Resources (DNR) has approximately \$280,000 available for clean diesel grants, including for idling reduction units such as funded under the Commerce program, with a 50% match required from the applicant. Applications were due in February, 2009, and awards will be finalized this spring.

7. Federal stimulus funds are being provided to states for clean diesel programs through the American Recovery and Reinvestment Act of 2009 (ARRA). The DNR will receive \$1,730,000 this spring, anticipates accepting applications in the summer, and making grant awards in the late summer. The program will fund diesel idling reduction units for motor carriers, projects that reduce diesel emission reductions for vehicles such as school buses, municipal vehicles, construction trucks, and projects that reduce diesel emissions from off-road engines. Details about eligible activities and program requirements will be available as DNR develops and distributes the ARRA funds during the next few months.

8. Commerce is in the process of applying for up to approximately \$2 million in federal ARRA funds to expand or supplement the diesel truck idling reduction grant program. The project time period would be from approximately June, 2009, through September, 2010. It is uncertain

what funding amount might be available and what the program criteria and deadlines will be.

9. It could be argued that the Governor's recommendation should be approved because availability of the ARRA funds for diesel reduction activities makes the existing Commerce program no longer necessary. Motor carriers could apply for funding for idling reduction units under the DNR clean diesel grant program.

10. Since the federal ARRA funds will be available for other types of diesel emissions reduction activities in addition to funding idling reduction units for motor carriers, it is possible that total funding might not be sufficient to fund potential applications from motor carriers eligible under the current Commerce program. It could be argued that the Commerce program should be retained until the current law June 30, 2011, end date (Alternative 3) to help additional motor carriers obtain idling reduction technology during the biennium.

11. An alternative to repealing the program on the effective date of the budget bill would be to provide one final year of funding in 2009-10. This would end the program one year earlier than under the current law end date of June, 2011, and one year later than under the bill (Alternative 2). This could provide additional funds to motor carriers who had not reached their cumulative maximum number of funded idling reduction units under the existing program.

## ALTERNATIVES

1. Approve the Governor's recommendation to delete \$1,077,500 SEG and 1.0 position annually, and repeal the diesel truck idling reduction grant program.

2. Delete \$1,077,500 SEG and 1.0 position in 2010-11, and repeal the diesel truck idling reduction grant program on June 30, 2010.

<b>ALT 2</b>	<b>Change to Bill</b>
	Funding
SEG	\$1,077,500

3. Delete provision.

<b>ALT 3</b>	<b>Change to Bill</b>	
	Funding	Positions
SEG	\$2,155,000	1.00

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