

COMMENTS TO TCEQ REGARDING VOLKSWAGEN

SETTLEMENT ENVIRONMENTAL MITIGATION TRUST FUND ADMINISTRATION

Background

The Volkswagen Settlement Environmental Mitigation Trust Fund under the Clean Air Act requirements was created to help offset emissions from 500,000 Volkswagen diesel passenger cars produced between 2009 and 2015 that included “defeat devices” that resulted in significantly higher emissions of ozone-forming compounds than were permitted under federal law. The exposure of these activities led to several lawsuits and resulting settlements between Volkswagen and the EPA that will require Volkswagen to spend up to \$14.7 billion to compensate consumers and fund activities to mitigate the excess pollution emitted by these vehicles over the next ten years. \$2.7 billion of this total amount can be used by states and territories to invest in transportation-related projects that will reduce mobile source emissions.

For a state to take advantage of the Settlement, it must appoint a beneficiary agency responsible for setting funding priorities and policies as well as dispersing funding to program participants. In December, the Texas Governor appointed Texas Commission on Environmental Quality (TCEQ) as the statewide beneficiary organization. To assist with the development of the required State Beneficiary Plan Agreement in line with the VW Settlement Consent Decree, TCEQ is accepting comments and suggestions from statewide stakeholders. H-GAC staff has coordinated with regional stakeholders through the Regional Air Quality Planning Advisory Committee (RAQPAC) to develop recommendations to TCEQ regarding this plan agreement. These comments were then submitted to the H-GAC Board of Directors for final approval and transmittal to TCEQ.

Current Situation

The recommended comments regarding the beneficiary agreement are as follows:

1. Allow regional governments such as Metropolitan Planning Organizations (MPOs), Councils of Government (COGs), and Clean Cities Coalitions to administer the dispersal of funds on a regional basis through third-party contracts.
2. For third-party contracts, allow use of Settlement funds for administration and outreach.
3. Support funding the widest possible breadth of mitigation actions as supported under the final national VW Settlement consent decree.
4. Focus dispersing Settlement funding within nonattainment and near-nonattainment areas.
5. Allow local governments to receive 100 percent of VW Settlement funds without requiring additional cost share as allowed in the federal consent decree at least in areas adversely impacted by Hurricane Harvey.
6. Allow vehicles and equipment destroyed in recent natural disasters to be eligible for replacement with cleaner lower emission technologies.
7. TCEQ should consider participating in the EPA State Clean Diesel Grant Program.

Action Requested

Information only