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SENATE

{ REPORT
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DIESEL EMISSIONS REDUCTION ACT OF 2023

SEPTEMBER 29 (Legislative day of SEPTEMBER 22), 2023.—Ordered to be printed

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

R E P O R T

[To accompany S. 2195]

[Including cost estimate of the Congressional Budget Office]

The Committee on Environment and Public Works, to which was referred the bill (S. 2195) to amend the Energy Policy Act of 2005 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 vehicle, engine and equipment owners to retrofit existing heavy-duty diesel vehicles, engines and equipment with new technology, or replace vehicles, engines and equipment through the disbursement of federal and state grants and rebates. The DERA program generally targets older, dirtier, diesel engines that lack modern emissions control systems to be upgraded with new technologies, such as vehicle and/or engine replacements with new diesel, alternative fuel, and zero emissions engines or idle reduction technologies. Funding opportunities for diesel emissions reduction projects are provided through an annual appropriation by Congress to the DERA program. The U.S. Environmental Protection Agency (EPA) administers the DERA program within the Office of Transportation and Air Quality. EPA awarded the first DERA grants in 2008 and continues to award DERA grants and rebates each fiscal year.

The DERA program has been reauthorized twice. In January 2011, Congress reauthorized DERA through fiscal year 2016 and gave EPA the authority to offer rebates in addition to grants, pursuant to the Diesel Emissions Reduction Act of 2010. EPA started the first rebate program in 2012 targeting school bus replacement. In 2020, Congress reauthorized DERA under the Consolidated Appropriations Act of 2021 for up to \$100 million annually through fiscal year 2024, with no further changes made to the program.¹

Emissions from diesel engines—especially particulate matter (PM), nitrogen oxides (NO_x), sulfur oxides, and air toxics—have been shown to contribute to air pollution that adversely impacts public health and welfare in the United States.² Diesel engines currently coming off the manufacturing line are now sixty times cleaner than they were a few decades ago. However, the nearly eight million legacy diesel engines already in use continue to emit large amounts of PM and NO_x.³ Exposure to diesel exhaust can lead to serious health conditions such as asthma and respiratory illnesses and can worsen existing heart and lung disease, especially in children and the elderly. These conditions can result in increased numbers of emergency room visits, hospital admissions, absences from work and school, and premature deaths.⁴

EPA has submitted five reports to Congress highlighting the benefits of DERA funding. According to the agency's last report, EPA awarded more than \$801 million in DERA funds between fiscal year 2008 and fiscal year 2018 to retrofit or replace 73,700 engines in vehicles, vessels, locomotives, and other equipment. Over the same time, lifetime emission reductions attributable to DERA funding totaled 16,800 tons of PM and 491,000 tons of NO_x. Additionally, EPA estimates that the total lifetime value of PM-related health benefits attributed to these reduced emissions range from \$8 billion to \$8.6 billion and account for approximately 850 fewer premature deaths over this same period.⁵

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 PM or ozone, thereby maximizing benefits and overall effectiveness. EPA's last report reveals that a total of 54 percent of projects awarded in fiscal years 2008 to 2018 were located in areas with these 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 addition, EPA estimates that DERA projects awarded from fiscal years 2008 to 2018 would reduce 5,307,100 tons of carbon dioxide over the lifetime of the affected engines. These projects also saved over 500 million gallons of diesel through the implementation of idle reduction and fuel-efficient technologies.

¹Congressional Research Service, *The Diesel Emissions Reduction Act (DERA) Program*, IF11331 (Feb. 1, 2023) (<https://crsreports.congress.gov/product/pdf/IF/IF11331>).

²*Id.*

³United States Environmental Protection Agency, *Diesel Emissions Reduction Act (DERA) Fifth Report to Congress* (Aug. 2022) (<https://nepis.epa.gov/Exe/ZyPDF.cgi?Dockey=P1015S8Q.pdf>).

⁴United States Environmental Protection Agency, *Learn About Impacts of Diesel Exhaust and the Diesel Emissions Reduction Act (DERA)* (May 2023) (<https://www.epa.gov/dera/learn-about-impacts-diesel-exhaust-and-diesel-emissions-reduction-act-dera#:~:text=Human%20Health%20%2D%20Exposure%20to%20diesel,in%20children%20and%20the%20elderly.>

⁵*Id.*

The DERA program’s 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 agency’s last report to Congress, each federal dollar invested in diesel emissions reduction projects has leveraged an average of \$2.10 in funding from other government agencies, private organizations, industries, and nonprofit organizations to amplify project results.

Demand and need for the DERA program will continue. Despite the program’s success, EPA has estimated that over 1 million older, higher-emitting diesel engines will remain in use by the end of the decade in 2030.⁶ In fiscal years 2017 and 2018, grant and rebate applications requested \$170 million more in funds than available from DERA appropriations. These funding requests highlight the continued strong interest in using the DERA program to reduce diesel emissions and incentivize fleet turnover. S. 2195 answers this demand by authorizing the program through fiscal year 2029, which will help to ensure a continuation of the successful DERA program and its associated benefits.

OBJECTIVES OF THE LEGISLATION

The purpose of the bill is to reauthorize the Diesel Emissions Reduction Act program through fiscal year 2029, without changing the current authorization level of \$100 million per year.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section states that the Act may be cited as the “Diesel Emissions Reduction Act of 2023”.

Sec. 2. Reauthorization of Diesel Emissions Reduction Program

This section extends the authorization of the program through fiscal year 2029.

LEGISLATIVE HISTORY

On June 22, 2023, Senator Carper introduced S. 2195, the Diesel Emissions Reduction Act of 2023. Senators Capito, Booker, and Barrasso were original cosponsors. Additional cosponsors include Senator Cardin. The bill was referred to the Committee on Environment and Public Works.

HEARINGS

No committee hearings were held on S. 2195.

ROLLCALL VOTES

On July 26, 2023, the Committee on Environment and Public Works met to consider S. 2195. The bill was ordered favorably reported without amendment by voice vote. No roll call votes were taken.

⁶*Id.*

REGULATORY IMPACT STATEMENT

In compliance with section 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee finds that S. 2195 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. 2195 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.

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:

[Abstract], Diesel Emissions Reduction Act of 2023 As [Manager] on July 26, 2023			
By Fiscal Year, Millions of Dollars	2023	2023-2028	2023-2033
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	0	0	0
Spending Subject to Appropriation (Outlays)	0	320	500
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2034?	No	Statutory pay-as-you-go procedures apply?	No
	No	Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2034?		Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No

S. 2195—Diesel Emissions Reduction Act of 2023

S. 2195 would authorize the appropriation of \$100 million for each of fiscal years 2025 through 2029 for the Environmental Protection Agency to provide grants and rebates to state, local, and tribal governments for programs that reduce emissions from diesel engines. In 2023, \$100 million was appropriated for those purposes and under current law \$100 million is authorized to be appropriated for 2024.

Assuming appropriation of the specified amounts and using historical spending patterns for those activities, CBO estimates that implementing the bill would cost \$320 million over the 2023–2038 period and \$180 million after 2028.

The costs of the legislation, detailed in Table 1, fall within budget function 300 (natural resources and environment).

TABLE 1.—ESTIMATED INCREASES IN SPENDING SUBJECT TO APPROPRIATION UNDER S. 2195

	By fiscal year, millions of dollars—													
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2023– 2028	2023– 2033	
Authorization	0	0	100	100	100	100	100	0	0	0	0	400	500	
Estimated Outlays	0	0	30	90	100	100	100	70	10	0	0	320	500	

The CBO staff contact for this estimate is Aurora Swanson. The estimate was reviewed by Christina Hawley Anthony, Deputy Director of 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:

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ENERGY POLICY ACT OF 2005

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SECTION 1. [42 U.S.C. 15801 note] SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Energy Policy Act of 2005”.

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TITLE I—ENERGY EFFICIENCY

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TITLE VII—VEHICLES AND FUELS

Subtitle A—Existing Programs

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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 [2024] 2029, to remain available until expended.

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