

**95TH GENERAL ASSEMBLY****State of Illinois****2007 and 2008****SB0268**

Introduced 2/7/2007, by Sen. Jacqueline Y. Collins

**SYNOPSIS AS INTRODUCED:**

New Act  
625 ILCS 5/3-835 new  
30 ILCS 105/5.675 new

Creates the Illinois Diesel Emissions Reduction Act. Creates the Illinois Diesel Emissions Reduction Funding Program and the Diesel Emissions Reduction Fund. Provides that moneys in the Fund shall be used only to implement the Funding Program. Requires the collection of a surcharge on the retail sale or lease of certain diesel vehicles that are of a model year 2006 or earlier and are not equipped with Level 3 Controls. Requires a similar surcharge on the registration of certain diesel vehicles. Requires IEPA, in consultation with the State Treasurer and after notice and public comment, to promulgate rules to establish and implement the Diesel Emissions Reduction Funding Program. Sets out guidelines for the administration of the Diesel Emissions Reduction Funding Program and the corresponding grant and rebate programs. Provides that IEPA may seek injunctive relief in any court of competent jurisdiction to enforce any provision of the Funding Program. Amends the Illinois Vehicle Code. Provides that the Secretary of State shall require additional information with the registration of a diesel motor vehicle to support a reliable and complete inventory of diesel motor vehicles in the State. Provides that the Secretary of State, in consultation with DOT and IEPA, shall, promulgate regulations by October 1, 2008 to develop a program for registration of diesel nonroad vehicles, locomotives, and diesel marine vessels, and shall implement the program beginning January 1, 2009. Contains other provisions. Effective immediately.

LRB095 08282 CMK 28454 b

FISCAL NOTE ACT  
MAY APPLY

**A BILL FOR**

1 AN ACT concerning finance.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the  
5 Illinois Diesel Emissions Reduction Act.

6 Section 5. Legislative findings and purpose. The  
7 Legislature hereby finds and declares that:

8 (a) Diesel exhaust particle pollution poses a clear and  
9 present health risk to the people of Illinois. The United  
10 States Environmental Protection Agency has classified diesel  
11 exhaust as a likely human carcinogen, and has identified diesel  
12 particulate matter and diesel exhaust organic gases as toxic  
13 air pollutants. Diesel exhaust is also a prime contributor to  
14 airborne fine particle pollution that is linked to premature  
15 death and other serious cardiovascular and pulmonary problems  
16 such as heart attacks, abnormal heart rhythms,  
17 atherosclerosis, stroke, asthma attacks, permanent respiratory  
18 damage, and retardation of lung growth in children.

19 (b) The health impacts from diesel emissions particularly  
20 affect children, the elderly, and people with weakened immune  
21 systems.

22 (c) Particularly high concentrations of diesel emissions  
23 often occur in heavily traveled transportation corridors,

1 intermodal yards, bus depots, and construction sites; these  
2 diesel "hot spots" often are found in densely populated urban  
3 areas, disproportionately impacting ethnic minorities and  
4 people of lower economic status.

5 (d) Diesel engine crankcases also are a source of emissions  
6 that can seep into the cabin and expose vehicle drivers and  
7 passengers to harmful diesel emissions.

8 (e) Diesel exhaust also contains black carbon emissions,  
9 which contribute to global climate change.

10 (f) Reduction of diesel emissions can help address these  
11 human health and climate problems.

12 (g) The United States Environmental Protection Agency has  
13 enacted requirements over the past few years requiring the  
14 substantial reduction of emissions from new diesel engines in  
15 both heavy-duty highway vehicles and land-based nonroad  
16 equipment. However, these regulations do not apply to any of  
17 the over 11,000,000 existing diesel engines in the United  
18 States, most of which emit substantially more pollution and  
19 often remain in service for 10 to 30 years depending on the  
20 type of engine and equipment.

21 (h) Practical, cost-effective measures to substantially  
22 reduce diesel particulate emissions are available today, and  
23 can be applied to many existing diesel engines. The same  
24 technology that limits diesel pollution from new diesel engines  
25 can be retrofitted onto existing engines or applied in new  
26 replacement engines to reduce diesel emissions by 85% or more.

1 (i) Therefore, the purpose of this Funding Program is to  
2 help minimize the public health risks from exposure to diesel  
3 particulate emissions as expeditiously as practical.

4 Section 10. Definitions. For purposes of this Act:

5 (a) "Auxiliary power unit" means a portable,  
6 vehicle-mounted system that provides climate control and power  
7 for a diesel vehicle interior cabin without using the  
8 propulsion engine.

9 (b) "CARB" means the California Air Resources Board.

10 (c) "Certified engine configuration" means a new, rebuilt,  
11 or remanufactured engine configuration:

12 (1) that has been certified or verified by USEPA or  
13 CARB;

14 (2) that meets or exceeds certain engine emissions  
15 standards, as determined by IEPA; and

16 (3) in the case of a certified engine configuration  
17 involving the replacement of an existing engine or vehicle,  
18 an engine configuration that replaced an engine that was  
19 removed from the vehicle and returned to the supplier for  
20 remanufacturing to a more stringent set of engine emissions  
21 standards or for scrappage.

22 (d) "Closed Crankcase Ventilation System" or "CCV" means  
23 equipment that completely closes the crankcase of a diesel  
24 engine to the atmosphere and routes the crankcase vapor to the  
25 engine intake air system or the exhaust system.

1 (f) "DOT" means the Illinois Department of Transportation.

2 (g) "Fleet" means one or more diesel vehicles or mobile or  
3 stationary diesel engines owned or operated by the same person  
4 or group of related persons.

5 (h) "Heavy duty diesel vehicle" means a motor vehicle with  
6 a gross vehicle weight rating of at least 14,000 pounds that is  
7 powered by a diesel engine.

8 (i) "IEPA" means the Illinois Environmental Protection  
9 Agency.

10 (j) "Incremental cost" means the cost of an applicant's  
11 emission reduction measure actions, less the baseline cost that  
12 would otherwise be incurred by the applicant in the normal  
13 course of business. Incremental costs may include added lease  
14 or fuel costs as well as capital costs.

15 (k) "Level 3 Control" means a Verified Diesel Emission  
16 Control Device that achieves a particulate matter (PM) emission  
17 reduction of 85% or more from uncontrolled engine emission  
18 levels, or that reduces emissions to less than or equal to 0.01  
19 grams of PM per brake horsepower-hour. Level 3 Control includes  
20 repowering or replacing the existing diesel engine with an  
21 engine meeting USEPA's 2007 Heavy-duty Highway Diesel  
22 Standards, or in the case of a nonroad engine, an engine  
23 meeting the USEPA's Tier 4 Nonroad Diesel Standards; Level 3  
24 Control also includes new diesel engines meeting the emissions  
25 standards.

26 (l) "Medium duty diesel vehicle" means a motor vehicle with

1 a gross vehicle weight rating of at least 8,500 pounds and less  
2 than 14,000 pounds that is powered by a diesel engine.

3 (m) "Motor vehicle" means any self-propelled vehicle  
4 designed for transporting persons or property on a street or  
5 highway, including an on-road diesel vehicle.

6 (n) "Nonroad engine" means an internal combustion engine  
7 (including the fuel system) that is not used in a motor vehicle  
8 or a vehicle used solely for competition, or that is not a  
9 stationary source, except that this term shall apply to  
10 internal combustion engines used to power generators,  
11 compressors, or similar equipment used in any construction  
12 program or project.

13 (o) "Nonroad vehicle" means a vehicle or piece of equipment  
14 that is powered by a nonroad engine, 50 horsepower and greater,  
15 and that is not a motor vehicle or a vehicle used solely for  
16 competition, which shall include, but not be limited to,  
17 excavators, backhoes, cranes, compressors, generators,  
18 bulldozers, and similar equipment; unless otherwise indicated,  
19 nonroad vehicles do not include locomotives or marine vessels.

20 (p) "Person" means any natural person, co-partnership,  
21 firm, company, association, joint stock association,  
22 corporation, or other like organization or entity.

23 (q) "PM" means particulate matter, a criteria pollutant  
24 listed under Section 7408 of the federal Clean Air Act.

25 (r) "Public agency" means a state, city, county,  
26 administration, department, division, bureau, board,

1 commission, corporation, institution, or agency of government,  
2 the expenses of which are paid in whole or in part from the  
3 public treasury.

4 (s) "Retrofit" means to equip a diesel motor vehicle or  
5 nonroad vehicle with new particulate emissions-reducing parts  
6 or technology verified by USEPA or CARB after manufacture of  
7 the original engine.

8 (t) "Ultra low sulfur diesel fuel" means diesel fuel that  
9 has a sulfur content of no more than 15 parts per million.

10 (u) "USEPA" means the United States Environmental  
11 Protection Agency.

12 (x) "Verified diesel emission control device" means:

13 (1) an emission control device or strategy that has  
14 been verified to achieve a specified diesel PM reduction by  
15 USEPA or CARB; or

16 (2) replacement or repowering with an engine that is  
17 certified to specific PM emissions performance by USEPA or  
18 CARB.

19 (y) "Verified technology" means a verified diesel emission  
20 control device, an advanced truckstop electrification system,  
21 or an auxiliary power unit.

22 Section 15. Mechanics of the Diesel Emissions Reduction  
23 Funding Program.

24 (a) The Diesel Emissions Reduction Fund (the "Fund") is  
25 hereby established as an account in the State treasury.

1           (1) The Fund shall be administered by the State  
2           Treasurer for the benefit of the Diesel Emissions Reduction  
3           Funding Program established under this Section.

4           (2) Interest earned on the Fund shall be credited to  
5           the Fund.

6           (3) The Fund consists of: the funds, contributions,  
7           fees, and surcharges under: Section 20, subsections  
8           (a) (5), (a) (6), (a) (7), (a) (8), (a) (9), (c) (4) (D), and  
9           (d) (10).

10          (4) Moneys in the Fund shall be used only to implement  
11          the Funding Program, provided that a maximum total of 2% of  
12          the money in the Fund may be used for Fund administrative  
13          costs incurred by both the IEPA and the State Treasurer.  
14          Moneys allocated to an eligible diesel emission reduction  
15          measure but not expended in any fiscal year shall be  
16          carried over to succeeding fiscal years.

17          (5) A surcharge is hereby imposed on the retail sale,  
18          lease, or rental of diesel nonroad vehicles in an amount  
19          equal to 1% of the sales price or the lease or rental  
20          amount. The State Treasurer shall, within one year after  
21          enactment of this Act, adopt any procedures needed for the  
22          collection, administration, and enforcement of the  
23          surcharge authorized by this subsection, and shall deposit  
24          all surcharges to the credit of the Fund.

25          (6) A surcharge is hereby imposed on every retail sale  
26          or lease of every heavy duty diesel vehicle that is of a



1 model year 2006 or earlier that is not equipped with Level  
2 3 Controls and that is sold or leased in this State. The  
3 amount of the surcharge is 2.5% of the total consideration.  
4 The State Treasurer shall, within one year after the  
5 enactment of this Act, adopt any procedures needed for the  
6 collection, administration, and enforcement of the  
7 surcharge authorized by this subsection, and shall deposit  
8 all surcharges to the credit of the Fund.

9 (7) In addition to the registration fees charged under  
10 the Illinois Vehicle Code (625 ILCS 5/, Chapter 3, Article  
11 VIII), a surcharge is hereby imposed on the registration of  
12 a heavy duty diesel vehicle under that Section in an amount  
13 equal to 10% of the total fees due for registration of such  
14 vehicle thereunder. The surcharges shall be remitted to the  
15 State Treasurer for deposit into the Fund.

16 (8) The federal Safe Accountable, Flexible, Efficient  
17 Transportation Equity Act - A Legacy for Users clarified  
18 eligibility for federal Congestion Mitigation and Air  
19 Quality (CMAQ) funds for diesel retrofit projects and  
20 establishes such projects as a priority for funding.  
21 Beginning with federal fiscal year 2009, not less than 50%  
22 of funds expended on an annual basis from accounts related  
23 to the CMAQ program shall be made available for the purpose  
24 of funding eligible diesel emission reduction measures  
25 under the Funding Program established by this Act. Non-CMAQ  
26 moneys in the Fund may be used for compliance with the 20%

1 match required by CMAQ.

2 (b) Establishment and Administration of the Funding  
3 Program. Within one year after the effective date of this  
4 Funding Program, IEPA, in consultation with the State Treasurer  
5 and after notice and public comment, shall promulgate rules to  
6 establish and implement the Diesel Emissions Reduction Funding  
7 Program in accordance with this Act.

8 (1) The Funding Program shall consist of either the  
9 Grant Program or the Rebate Program established pursuant to  
10 this Act, or both programs, as determined by IEPA in its  
11 sole discretion.

12 (2) If IEPA elects to disburse Funding Program funds  
13 pursuant to the Grant Program, IEPA shall establish and  
14 administer that program and shall provide grants and  
15 low-cost revolving loans from the Fund, on a competitive  
16 basis, to eligible measures to achieve significant  
17 reductions of diesel particulate emissions in accordance  
18 with the provisions of subsection (c).

19 (3) If IEPA elects to disburse Funding Program funds  
20 pursuant to the Rebate Program, IEPA shall establish and  
21 administer that program and shall provide rebates from the  
22 Fund in accordance with subsection (d).

23 (4) In administering the Funding Program and in  
24 accordance with the requirements of this program, IEPA  
25 shall:

26 (A) manage Funding Program funds and oversee the

1 Funding Program;

2 (B) produce guidelines, protocols, and criteria  
3 for eligible emission reduction measures;

4 (C) develop methodologies for evaluating emission  
5 reduction measure benefits and cost-effectiveness;

6 (D) develop procedures for monitoring whether the  
7 emissions reductions projected for grants awarded for  
8 emission reduction measures under this Act are  
9 actually achieved;

10 (E) prepare reports regarding the progress and  
11 effectiveness of the Funding Program; and

12 (F) take all appropriate and necessary actions so  
13 that emissions reductions achieved through the Funding  
14 Program may be credited by USEPA to the appropriate  
15 emissions reduction objectives in the State  
16 implementation plan.

17 (c) Grant Program. Any Grant Program established by IEPA  
18 pursuant to subsection (b)(1) shall be implemented in  
19 accordance with the following provisions:

20 (1) IEPA shall annually allocate at its discretion some  
21 or all of the moneys available in the Fund to the Grant  
22 Program. Grant Program funds not expended in a given year  
23 shall be transferred to the Grant Program or any Rebate  
24 Program established under subsection (d) for the following  
25 year at IEPA's discretion.

26 (2) Fund Distribution. Subject to the provisions of

1 subsection (a)(4), IEPA shall distribute funds available  
2 for each fiscal year for eligible emission reduction  
3 measures under the Grant Program in accordance with the  
4 following priority:

5 (A) first, to diesel fleets owned and operated by a  
6 public agency; if funds are remaining after all such  
7 eligible emission reduction measures have been funded,  
8 then

9 (B) second, to privately owned diesel fleets  
10 operated for the benefit of the public pursuant to a  
11 contract with a public agency; and, if funds are  
12 remaining after all such eligible emission reduction  
13 measures have been funded, then

14 (C) third, to privately owned diesel fleets  
15 operating on private business.

16 (3) Applications.

17 (A) To receive a grant or loan under the Grant  
18 Program, the applicant shall submit to IEPA an  
19 application including such information IEPA may  
20 require.

21 (B) An application under this subsection shall  
22 include:

23 (i) a description of the air quality of the  
24 area in which the emission reduction measure  
25 fleets will operate;

26 (ii) a description of the emission reduction

1 measure proposed by the applicant, including:

2 (I) any certified engine configuration or  
3 verified technology proposed to be used or  
4 funded in the emission reduction measure; and

5 (II) the means by which the emission  
6 reduction measure will achieve a significant  
7 reduction in diesel emissions;

8 (iii) an evaluation (using methodology  
9 approved by IEPA) of the quantifiable and  
10 unquantifiable benefits of the emissions  
11 reductions of the proposed emission reduction  
12 measure;

13 (iv) an estimate of the cost of the proposed  
14 emission reduction measure;

15 (v) a description of the age and expected  
16 lifetime control of the equipment to be used or  
17 funded in the proposed emission reduction measure;

18 (vi) a description of the diesel fuel  
19 available in the areas to be served by the proposed  
20 emission reduction measure, including the sulfur  
21 content of the fuel;

22 (vii) provisions for the monitoring and  
23 verification of the emission reduction measure;  
24 and

25 (viii) such other information as may be  
26 required by IEPA.

1 (4) Eligibility.

2 (A) A proposed emission reduction measure must  
3 meet the requirements of this Act to be eligible for a  
4 grant or loan under the Grant Program.

5 (B) IEPA may consider for funding the following  
6 types of emission reduction measures:

7 (i) installation of a retrofit technology  
8 (including any incremental costs of a repowered or  
9 new diesel engine) that significantly reduces  
10 particulate emissions through development and  
11 implementation of a certified engine configuration  
12 or a verified diesel emission control device for a  
13 medium-duty or heavy-duty diesel motor vehicle, a  
14 diesel nonroad vehicle, a commercial marine engine  
15 or a locomotive;

16 (ii) installation of a CCV on any vehicle or  
17 equipment described in subsection (B) (i); and

18 (iii) programs or emission reduction measures  
19 to reduce long-duration idling using verified  
20 technology involving a vehicle described in  
21 subsection (B) (i); provided that truckstop  
22 electrification facilities shall be eligible for  
23 low-cost revolving loans but not eligible for  
24 grants.

25 (C) In providing a grant or loan under the Grant  
26 Program, and subject to the provisions of subsection

1 (c) (2), IEPA shall give priority to otherwise eligible  
2 emission reduction measures within each of the 3  
3 priority categories described in subsection (c) (2)  
4 that, as determined by IEPA:

5 (i) maximize public health benefits;

6 (ii) are cost-effective;

7 (iii) serve areas:

8 (I) with the highest population density;

9 (II) that are poor air quality areas,  
10 including areas identified by IEPA as:

11 (a) in nonattainment or maintenance of  
12 national ambient air quality standards for  
13 a criteria pollutant;

14 (b) Federal Class I areas; or

15 (c) areas with toxic air pollutant  
16 concerns;

17 (III) that receive a disproportionate  
18 quantity of air pollution from a diesel fleets,  
19 including truckstops, ports, rail yards,  
20 terminals, and distribution centers; or

21 (IV) that use a community-based  
22 multi-stakeholder collaborative process to  
23 reduce toxic emissions;

24 (iv) include a certified engine configuration  
25 or verified technology that has a long expected  
26 useful life;

1           (v) will maximize the useful life of any  
2 certified engine configuration or verified  
3 technology used or funded by the project;

4           (vi) conserve diesel fuel; and

5           (vii) use ultra low sulfur diesel fuel.

6           (D) For a proposed emission reduction measure to  
7 qualify for the Funding Program, other than a project  
8 involving a marine vessel or engine, not less than 75%  
9 of vehicle miles traveled or hours of operation  
10 projected for the 5 years immediately following the  
11 award of a grant must be projected to take place in  
12 this State. For a proposed emission reduction measure  
13 involving a marine vessel or engine, the vessel or  
14 engine must be operated in the waterways adjacent to or  
15 within Illinois for a sufficient amount of time over  
16 the lifetime of the measure, as determined by IEPA, to  
17 meet the cost-effectiveness requirements of subsection  
18 (c) (5). The owner of any vehicle receiving funding for  
19 an emission reduction measure that fails after the  
20 award of the grant to meet the geographical  
21 requirements of this subsection shall pay a civil  
22 penalty to IEPA equal to a portion of the grant funds  
23 as IEPA shall require pursuant to prior regulations.  
24 The proceeds of all such penalties shall be deposited  
25 into the Fund.

26           (E) Each proposed emission reduction measure must



1 meet the cost-effectiveness requirements of subsection  
2 (c) (5).

3 (F) A proposed emission reduction measure based on  
4 the use of a certified engine configuration or verified  
5 technology must document, in a manner acceptable to  
6 IEPA, a reduction in particulate emissions of at least  
7 50% (compared with the baseline emissions adopted by  
8 IEPA for the relevant engine year and application to  
9 the extent not provided pursuant of the relevant CARB  
10 or USEPA verification process). Three years after the  
11 enactment of this Act, after study of available  
12 emissions reduction technologies, and after public  
13 notice and comment, IEPA may increase the minimum  
14 percentage reduction in particulate emissions required  
15 by this subsection to improve the ability of the  
16 Funding Program to achieve its goals.

17 (5) Cost-effectiveness

18 (A) For purposes of this Act, "cost-effectiveness"  
19 means the total dollar amount divided by the total  
20 number of tons of particulate matter reduction  
21 attributable to that expenditure. In calculating  
22 cost-effectiveness, one-time grants of money at the  
23 beginning of a project shall be annualized using a time  
24 value of public funds or discount rate determined for  
25 each project by IEPA, taking into account the interest  
26 rate on bonds, interest earned by State funds, and

1 other factors IEPA considers appropriate.

2 (B) IEPA shall establish reasonable methodologies  
3 for evaluating emission reduction measure  
4 cost-effectiveness consistent with subsection (5) (A).

5 (C) Except as provided by subsection (5) (F), and  
6 except for installation of CCVs under subsection  
7 (4) (B) (ii), IEPA may not award a grant for a proposed  
8 emission reduction measure under the Grant Program the  
9 cost-effectiveness of which, calculated in accordance  
10 with subsections (5) (A) and (B) and criteria developed  
11 thereunder, exceeds \$135,000 per ton of PM emissions.  
12 This subsection does not restrict IEPA authority under  
13 other law to require emissions reductions with a  
14 cost-effectiveness that exceeds \$135,000 per ton.

15 (D) IEPA may not award a grant that provides an  
16 amount that exceeds the incremental cost of the  
17 proposed emission reduction measure.

18 (E) In determining the amount of a grant under this  
19 Act, IEPA shall reduce the incremental cost of a  
20 proposed new purchase, retrofit, repower, or add-on  
21 equipment emission reduction measure by the value of  
22 any existing financial incentive that directly reduces  
23 the cost of the proposed measure, including tax credits  
24 or deductions, other grants, loans, rebates, or any  
25 other public financial assistance.

26 (F) Adjustment of cost-effectiveness. Based upon a

1 study of available emissions reduction technologies  
2 and costs and after public notice and comment, IEPA may  
3 change the values of the maximum grant award criteria  
4 established in subsection (5)(C) to account for  
5 inflation or to improve the ability of the Grant  
6 Program to achieve its goals.

7 (d) Rebate Program. Any Rebate Program established by IEPA  
8 pursuant to subsection (b)(1) shall be implemented in  
9 accordance with the following provisions:

10 (1) IEPA shall annually allocate at its discretion some  
11 or all of the moneys available in the Fund to the Rebate  
12 Program. Rebate Program funds not expended in a given year  
13 shall be transferred to the Rebate Program or any Grant  
14 Program established under subsection (c) for the following  
15 year at IEPA's discretion.

16 (2) A retrofit vendor or owner of an eligible vehicle  
17 who meets the requirements of this subsection shall be  
18 eligible to receive a rebate under the Rebate Program; for  
19 purposes of this subsection, "eligible vehicle" shall mean  
20 a vehicle that meets the requirements of this subsection  
21 and that is described in subsection (c)(4)(B)(i) and also:

22 (A) is described in subsection (c)(2)(A);

23 (B) following 2 years after the effective date of  
24 this Funding Program, is described in subsection  
25 (c)(2)(B); and

26 (C) following 4 years after the effective date of

1           this Funding Program, is described in subsection  
2           (c) (2) (C).

3           (3) Moneys from the Fund will be provided in the rebate  
4           amount to defray the cost of purchase and installation of  
5           retrofitting an eligible vehicle with a Level 3 Control in  
6           combination with a CCV.

7           (4) Within 180 days after effective date of this Act,  
8           IEPA shall establish the initial rebate amount for  
9           retrofits of various types of eligible vehicles. IEPA shall  
10          review the appropriateness of the amount no less frequently  
11          than annually and may change the rebate amount to improve  
12          the ability of the Rebate Program to achieve its goals.

13          (5) In order to receive a rebate, an eligible vehicle  
14          owner or retrofit vendor shall:

15                (A) submit to IEPA a completed rebate reservation  
16                form including such information IEPA may require with  
17                respect to each rebate sought;

18                (B) within 120 days of submission of a rebate  
19                reservation form, the owner or vendor shall complete  
20                the retrofit pertaining to the rebate reservation  
21                form, and shall submit a completed IEPA reimbursement  
22                request form including certification of retrofit  
23                completion and compliance with all requirements of  
24                this subsection and containing such other information  
25                and such other conditions as IEPA may require.

26          (6) Rebates shall be provided on a first come, first

1 served basis, with priority established based upon the date  
2 of IEPA receipt of a completed reservation form pursuant to  
3 subsection (5) (A); provided that, if the retrofits are not  
4 completed and the reimbursement request form is not  
5 submitted to IEPA within the 120 day period as required by  
6 subsection (5) (B), then IEPA may reduce the amount of the  
7 rebate or take such other action as it has established by  
8 regulations promulgated pursuant to this Funding Program.

9 (7) To the extent of available funds allocated to the  
10 Rebate Program, IEPA shall pay the owner or vendor the  
11 rebate within 60 days of receipt of a timely, complete, and  
12 accurate reimbursement form.

13 (8) Owners of eligible vehicles for which rebates are  
14 paid must:

15 (A) meet the requirements of subsection (c) (4) (D);

16 (B) fuel the vehicle with ultra low sulfur diesel  
17 fuel; and

18 (C) maintain the vehicle and Level 3 Controls  
19 according to manufacturer specifications.

20 (9) The retrofit vendor to eligible vehicles for which  
21 rebates are provided must honor all warranty provisions  
22 according to their verification

23 (10) Persons receiving rebates who fail to meet all  
24 requirements of this subsection shall pay a civil penalty  
25 to IEPA in the full amount of the rebates, plus interest at  
26 a reasonable rate established by IEPA. The proceeds of all

1 such penalties shall be deposited in the Fund.

2 (e) Emission Reduction Credits.

3 (1) An emission reduction measure funded under the  
4 Funding Program established under this Section may not be  
5 used for credit under any State or federal emissions  
6 reduction credit averaging, banking, or trading program.

7 (2) An emissions reduction generated by an emission  
8 reduction measure funded under the Funding Program  
9 established under this Section:

10 (A) may not be used as a marketable emissions  
11 reduction credit or to offset any emissions reduction  
12 obligation; but

13 (B) may be used to demonstrate conformity with the  
14 State implementation plan.

15 (3) An emission reduction measure involving a new  
16 measure that would otherwise generate marketable credits  
17 under State or federal emissions reduction credit  
18 averaging, banking, or trading programs is not eligible for  
19 funding under the Funding Program established under this  
20 Section unless:

21 (A) the measure includes the transfer of the  
22 reductions that would otherwise be marketable credits  
23 to the State implementation plan; and

24 (B) the reductions are permanently retired.

25 (f) Funding Program Reports.

26 (1) Not later than December 1, 2008, and not later than

1 December 1 of every second year thereafter, IEPA shall  
2 publish and submit to the legislature a report of the  
3 implementation of the provisions of this Funding Program.  
4 IEPA shall provide notice and an opportunity for public  
5 comment and public hearing on each draft biennial report  
6 and, in producing a final biennial report, shall consider  
7 and respond to all significant comments received; the  
8 report shall be publicly available, and IEPA shall post it  
9 on its website.

10 (2) The report must:

11 (A) include a review of each pollution-reduction  
12 measure funded under any Grant Program, the amount  
13 granted for the emission reduction measure, the  
14 emissions reductions attributable to the emission  
15 reduction measure, and the cost-effectiveness of the  
16 emission reduction measure; IEPA shall also conduct an  
17 annual review of any Rebate Program, including the  
18 total rebates paid, the total retrofits installed and  
19 the aggregate emission reductions attributable to  
20 those retrofits;

21 (B) include a summary of IEPA's Funding Program  
22 implementation activities under this Section;

23 (C) account for money received, money disbursed as  
24 grants, money reserved for grants based on project  
25 approvals, money disbursed as rebates, any recommended  
26 transfer of money between allocations, and must

1 estimate future demand for grant and rebate funds under  
2 the Funding Program;

3 (D) describe the overall effectiveness of the  
4 Funding Program in delivering particulate emissions  
5 reductions and other emission reductions as  
6 co-benefits;

7 (E) evaluate the effectiveness of the Funding  
8 Program in soliciting and evaluating project  
9 applications, providing awards in a timely manner, and  
10 monitoring project implementation;

11 (F) describe adjustments made to project selection  
12 criteria and recommend any further needed changes or  
13 adjustments to the grant programs, including changes  
14 in grant award criteria, administrative procedures, or  
15 statutory provisions that would enhance the Funding  
16 Program's effectiveness and efficiency;

17 (G) describe any adjustments made to the maximum  
18 cost-effectiveness amount and award amount;

19 (H) evaluate the benefits of addressing additional  
20 pollutants as part of the Funding Program; and

21 (I) include legislative recommendations necessary  
22 to improve the effectiveness of the Funding Program.

23 Section 20. Miscellaneous.

24 (a) Equitable Relief Authorized. In addition to other  
25 remedies provided in this Funding Program, IEPA may seek



1 injunctive relief in any court of competent jurisdiction to  
2 enforce any provision of this Funding Program.

3 (b) Severability. If any clause, sentence, paragraph,  
4 section or provision of this Funding Program shall be adjudged  
5 by any court of competent jurisdiction to be invalid, such  
6 judgment shall not affect, impair, or invalidate the remainder  
7 of this Funding Program, but shall be confined in its operation  
8 to the clause, sentence, paragraph, section, or provision of  
9 this Funding Program directly involved in the controversy in  
10 which the judgment was rendered.

11 Section 90. The Illinois Vehicle Code is amended by adding  
12 Section 3-835 as follows:

13 (625 ILCS 5/3-835 new)

14 Sec. 3-835. Improvement of Diesel Vehicle Registry.

15 (a) Definitions for the purposes of this Section:

16 (i) "Secretary" means the Office of the Illinois  
17 Secretary of State.

18 (ii) "DOT" means the Illinois Department of  
19 Transportation.

20 (iii) "IEPA" means the Illinois Environmental  
21 Protection Agency.

22 (iv) "Motor vehicle" means any self-propelled vehicle  
23 designed for transporting persons or property on a street  
24 or highway, including an on-road diesel vehicle.

1           (v) "Nonroad vehicle" means a vehicle or equipment that  
2           is powered by a nonroad engine, 50 horsepower and greater,  
3           and that is not a motor vehicle or a vehicle used solely  
4           for competition, which shall include, but not be limited  
5           to, excavators, backhoes, cranes, compressors, generators,  
6           bulldozers and similar equipment; unless otherwise  
7           indicated, nonroad vehicles do not include locomotives or  
8           marine vessels.

9           (b) Diesel Motor Vehicle Registration Information. The  
10          Secretary shall, in consultation with IEPA, review the  
11          information obtained through the registration of diesel motor  
12          vehicles. After such review, and no later than March 1, 2008,  
13          the Secretary shall require such additional information upon  
14          the registration of a diesel motor vehicle that is appropriate  
15          to support a reliable and complete inventory of diesel motor  
16          vehicles in the State; such information shall include but not  
17          be limited to, the type of fuel for which the vehicle is  
18          designed, the gross vehicles weight rating, the engine class  
19          (including whether the engine is electronically controlled),  
20          the use for which the vehicle is designed, and any installed  
21          emission controls. The Secretary shall, in consultation with  
22          IEPA, provide such information to IEPA in a form that will  
23          support a reliable and complete inventory of diesel motor  
24          vehicles in the State.

25          (c) Diesel Nonroad Vehicle Registration. The Secretary, in  
26          consultation with DOT and IEPA, shall, after written notice and

1 public hearing, promulgate regulations by October 1, 2008 to  
2 develop a program for registration of diesel nonroad vehicles,  
3 locomotives, and diesel marine vessels, and shall implement the  
4 program beginning January 1, 2009. Such program shall be  
5 designed, among other things, to support a reliable and  
6 complete inventory of diesel nonroad vehicles in the State; the  
7 information shall include but not be limited to, the type of  
8 fuel for which the vehicle is designed, the type of engine  
9 (including whether the engine is electronically controlled),  
10 the use for which the vehicle is designed, and any installed  
11 emission controls.

12 (e) Severability. If any clause, sentence, paragraph, or  
13 provision of this Section shall be adjudged by any court of  
14 competent jurisdiction to be invalid, such judgment shall not  
15 affect, impair, or invalidate the remainder of this Section,  
16 but shall be confined in its operation to the clause, sentence,  
17 paragraph, section, or provision of this Act directly involved  
18 in the controversy in which the judgment was rendered.

19 Section 95. The State Finance Act is amended by adding  
20 Section 5.675 as follows:

21 (30 ILCS 105/5.675 new)

22 Sec. 5.675. The Diesel Emissions Reduction Fund Fund.

23 Section 99. Effective date. This Act takes effect upon  
24 becoming law.