

HB 168-FN - AS INTRODUCED

2021 SESSION

21-0152

08/11

HOUSE BILL ***168-FN***

AN ACT requiring the adoption of innovative vehicle emissions standards pursuant to section 177 of the federal Clean Air Act.

SPONSORS: Rep. McWilliams, Merr. 27; Rep. McGhee, Hills. 27; Rep. Caplan, Merr. 6

COMMITTEE: Science, Technology and Energy

ANALYSIS

This bill requires the adoption of California Low Emission/Zero Emission vehicle standards to protect public health, enable New Hampshire automotive customers to utilize the extended emissions-specific warranty, and to enable New Hampshire automotive dealers to carry Zero Emissions Vehicles in stock. The bill also makes an appropriation to the department of environmental services to fund an additional position.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears ~~[in brackets and struckthrough.]~~
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty One

AN ACT requiring the adoption of innovative vehicle emissions standards pursuant to section 177 of the federal Clean Air Act.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Statement of Purpose. The general court finds that:

2 I. Implementation of the California Low Emission/Zero Emission Vehicle (LEV/ZEV)
3 program pursuant to section 177 of the Clean Air Act will result in consumer, public health, and
4 environmental benefits for citizens of New Hampshire. Currently the states of Vermont, Maine,
5 Massachusetts, New York, New Jersey, Connecticut, Oregon, Rhode Island, Maryland, and Colorado
6 have adopted the LEV/ZEV standards, while the states of Delaware, Pennsylvania, and Washington
7 have adopted only the LEV requirements. New Hampshire is the only state in the Northeast that
8 has not yet adopted this program.

9 II. Motor vehicles account for approximately one-half of the emissions of air pollutants that
10 cause the formation of ground level ozone and over one-third of the state's greenhouse gas emissions.
11 Ground level ozone is a respiratory irritant that can cause severe health impacts to the sick, the very
12 young, the elderly, and those with chronic respiratory conditions such as asthma. Greenhouse gases
13 contribute to climate change, which is causing more frequent and more extreme weather events that
14 have led to loss of life and significant damage to statewide infrastructure, particularly roads and
15 bridges.

16 III. Although vehicles sold in New Hampshire currently comport with the California
17 emissions standards (as a result of the harmonization of federal and California standards through
18 2025), New Hampshire consumers cannot benefit from the extended emissions-specific warranty
19 provisions of the California standards because New Hampshire has not formally adopted the
20 California standards. New Hampshire automobile dealers currently cannot obtain some types of
21 vehicles that manufacturers only allocate to ZEV states, thus limiting consumer choice within New
22 Hampshire. In addition, New Hampshire will benefit from reduced emissions upon California's
23 adoption of post-2025 standards, when the federal and California emissions standards will no longer
24 be in alignment.

25 2 New Section; Adoption of California Air Resources Board Standards. Amend RSA 125-C by
26 inserting after section 21 the following new sections:

27 125-C:22 Adoption of Vehicle Emissions Standards; Federal Clean Air Act.

28 I.(a) Notwithstanding RSA 541-A:3-b, on or before January 1, 2023, the commissioner of the
29 department of environmental services shall adopt rules, in accordance with the provisions of RSA
30 541-A, to implement the light duty motor vehicle exhaust emission standards of the state of

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1 California section 1961.2 and the light duty motor vehicle greenhouse gas exhaust emission
2 standards of the state of California section 1961.3, and shall amend such regulations from time to
3 time, in accordance with changes in such standards. The regulations shall be applicable to new
4 motor vehicles sold in the state of New Hampshire upon the year of departmental rule adoption as
5 authorized by the federal Clean Air Act. Such regulations may incorporate by reference the
6 California motor vehicle emissions standards set forth in final regulations issued by the California
7 Air Resources Board pursuant to Title 13, California Code of Regulations, as of October 1, 2019 (last
8 amended October 1, 2019), and promulgated under the authority of Division 26 of the California
9 Health and Safety Code, as may be amended from time to time. Nothing in this section shall limit
10 the commissioner's authority to regulate motor vehicle emissions for any other class of vehicle.

11 II.(a) Rules adopted pursuant to this section shall also include requirements for the sale of
12 zero emissions vehicles (ZEV) or related provisions set forth in California Code of Regulations,
13 section 1962.2 starting on January 1, 2023, and using New Hampshire specific vehicle numbers.

14 (b) Such rules shall include a credit system in accordance with the regulations cited in
15 paragraph I for manufacturers of low emission vehicles (LEVs) and ZEVs. Manufacturers shall
16 receive credits for LEV/ZEV vehicles delivered to New Hampshire lots beginning January 1, 2021.
17 Credits received between January 1, 2021 and January 1 of the year the department adopts rules
18 under paragraph I shall be treated as received on January 1 of the year of departmental rule
19 adoption for purposes of expiration. Credits received by January 1 of the year of departmental rule
20 adoption shall not be traded or shared with other states or manufacturers.

21 III.(a) The administration of this section by the department shall be funded through the
22 motor vehicle air pollution abatement fund established by RSA 125-S:3.

23 125-C:23 Penalties. Notwithstanding RSA 125-C:15, the commissioner of the department of
24 environmental services shall:

25 I. Impose a civil penalty not to exceed \$37,500 on any manufacturer who sells, attempts to
26 sell, or causes to be offered for sale a new motor vehicle that fails to meet the applicable emission
27 standards in RSA 125-C:22.

28 II. Impose a civil penalty not to exceed \$5,000 per zero-emission vehicle credit on a
29 manufacturer that produces and delivers for sale in New Hampshire fewer ZEVs or ZEVs than
30 required to meet its ZEV credit obligation under rules adopted by the department in a given model
31 year.

32 III. All funds received from penalties under this section shall be deposited in the motor
33 vehicle air pollution abatement fund established in RSA 125-S:3

34 3 Inspection Stickers; Fees. Amend RSA 266:2 to read as follows:

35 266:2 Fees. The fee for inspection stickers shall be [~~\$3.25~~] **\$3.75** for each sticker furnished an
36 approved inspection station. The division shall transfer [~~\$.25~~] **\$.50** of each fee collected under this
37 section to the motor vehicle air pollution abatement fund established by RSA 125-S:3 and [~~\$.25~~] **\$.50**

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1 of each fee collected under this section to the general fund. All unused stickers returned by the
2 approved inspection station to the division shall be refundable at the rate of [~~\$3.25~~] **\$3.75** each,
3 except that unused stickers purchased from the division for a fee of \$2.50 shall be refundable at the
4 same rate at which the stickers were purchased.

5 4 Motor Vehicle Air Pollution Abatement Fund; Funding Source Added. Amend RSA 125-S:4 to
6 read as follows:

7 125-S:4 Fund Established; Collection. Funding for the motor vehicle air pollution abatement
8 fund shall be from the portion of the motor vehicle inspection fee established by RSA 266:2 **and**
9 ***from penalties collected for sales of motor vehicles failing to meet applicable emission***
10 ***standards and misuse of zero-emission vehicle credits under RSA 125-C:23.***

11 5 Department of Environmental Services; Positions Established; Appropriation. There is
12 established within the department of environmental services one classified environmentalist III
13 position for the purposes of implementing the requirements of RSA 125-C:22. The sum necessary to
14 pay the salary, benefits, and other costs related to the positions established in this section is hereby
15 appropriated to the department of environmental services for the biennium ending June 30, 2022.
16 This appropriation shall be in addition to any other appropriations made to the department. The
17 governor is authorized to draw a warrant for said sum out of any money in treasury not otherwise
18 appropriated.

19 6 Effective Date. This act shall take effect 60 days after its passage.

**HB 168-FN- FISCAL NOTE
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FISCAL IMPACT: State County Local None

STATE:	Estimated Increase / (Decrease)			
	FY 2021	FY 2022	FY 2023	FY 2024
Appropriation	\$0	\$96,000	\$0	\$0
Revenue	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Expenditures	\$0	Indeterminable Increase	Indeterminable Increase	Indeterminable Increase
Funding Source:	<input checked="" type="checkbox"/> General <input type="checkbox"/> Education <input type="checkbox"/> Highway <input checked="" type="checkbox"/> Other - Motor Vehicle Air Pollution Abatement Fund			

METHODOLOGY:

This bill requires the adoption of California Low Emission/Zero Emission vehicle standards to protect public health, enable New Hampshire automotive customers to utilize the extended emissions-specific warranty, and to enable New Hampshire automotive dealers to carry Zero Emission Vehicles (ZEVs) in stock. The bill also makes an appropriation to the Department of Environmental Services to fund an additional position. The Department of Environmental Services indicates the bill would require it to adopt rules to implement the program, and to have the rules in place for vehicles delivered for sale in the State starting on January 1, 2021. The bill contains a general fund appropriation to the Department to establish a new Environmentalist III position to implement the program for the biennium ending June 30, 2022. After June 30, 2022, the program would be funded by the motor vehicle air pollution abatement fund, established by RSA 125-S:3. The fund is currently financed by a transfer of \$0.25 for each inspection sticker sold by the Division of Motor Vehicles. This bill would increase the inspection sticker cost from \$3.25 to \$3.75. Of the \$0.50 increase, \$0.25 would be deposited in the motor vehicle air pollution abatement fund and \$0.25 would be transferred to the general fund. The bill provides that a civil penalty not to exceed \$37,500 shall be levied on any manufacturer who sells, attempts to sell, or causes to be offered for sale a new motor vehicle that fails to meet the applicable emission standards in RSA 125-C:22. In addition, a civil penalty not to exceed \$5,000 per zero-emission vehicle credit would be levied on a manufacturer that produces and delivers for sale in New Hampshire fewer ZEVs than required to meet its ZEV credit obligation. Penalties collected

would be deposited in the motor vehicle air pollution abatement fund. The Department estimated the fiscal impact of the bill based on the following assumptions:

- Additional annual income to the General Fund and the Motor Vehicle Air Pollution Abatement Fund based on 1,400,000 inspections in calendar year 2019, would increase by \$700,000 with \$350,000 deposited in both the motor vehicle air pollution abatement fund and the general fund (1,400,000 vehicles X \$0.50 per inspection sticker = \$700,000 divided by 2 =\$350,000)
- The Department is unable to estimate the potential penalty revenue, but reports that in other states that have adopted the ZEV requirements, no manufacturer has had to pay a penalty for failure to meet its ZEV credit obligations.
- The cost for a new full time Environmentalist III position, labor grade 23 would be \$96,000 in FY 2022, \$96,000 in FY 2023 and \$100,000 in 2023. These costs include salary, benefits, and necessary equipment and operating expenses.
- As with most states that have adopted the CA LEV/ZEV programs, a third party contractor would be engaged to assist in tracking and deciphering vehicle identification numbers (VINs) to determine compliance with the program. The cost of this contract is unknown.
- In addition, the State could incur costs for enforcement actions, if needed. The Department is unable to determine the likelihood of enforcement action or the potential costs.

The Department of Safety indicates the inspection system would be reprogrammed for the increased cost per inspection sticker. The VISION system (Vehicle Information System In an On-line Network) would also require reprogramming in order to receive updated information from the inspection system and distribute the increased amounts to the respective funds. The Department assumes these programming costs would be less than \$10,000. The Department estimates State revenue would increase by about \$700,000, with an additional \$350,000 deposited in the general fund and \$350,000 deposited in the motor vehicle air pollution abatement fund. This revenue estimate is based on approximately 1,400,000 inspection stickers sold annually.

There would be no impact on county or local revenues and expenditures.

AGENCIES CONTACTED:

Departments of Safety and Environmental Services