

CLEAN TRUCK INCENTIVE PROGRAM

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Don L. Ipson

House Sponsor: _____

LONG TITLE

General Description:

This bill creates the Clean Truck Incentive Program.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ creates a grant program within the Division of Air Quality for eligible purchasers of clean trucks;
- ▶ directs the division to provide grants from the Environmental Mitigation and Response Fund;
- ▶ allows the division to replenish the Environmental Mitigation and Response Fund with money from federal programs;
- ▶ outlines the incentives available to eligible purchasers through the program;
- ▶ requires the division to coordinate with the Department of Transportation in using federal funds for the program;
- ▶ requires the division to make a recommendation to the Air Quality Board relating to the regulation of medium or heavy duty vehicles; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:



28 None

29 **Utah Code Sections Affected:**

30 AMENDS:

31 **19-1-603**, as enacted by Laws of Utah 2017, Chapter 246

32 ENACTS:

33 **19-1-701**, Utah Code Annotated 1953

34 **19-1-702**, Utah Code Annotated 1953

35 **19-1-703**, Utah Code Annotated 1953

36 **19-1-704**, Utah Code Annotated 1953

37 **19-1-705**, Utah Code Annotated 1953

38 **19-1-706**, Utah Code Annotated 1953



40 *Be it enacted by the Legislature of the state of Utah:*

41 Section 1. Section **19-1-603** is amended to read:

42 **19-1-603. Environmental Mitigation and Response Fund.**

43 (1) There is created an expendable special revenue fund known as the Environmental
44 Mitigation and Response Fund.

45 (2) The fund consists of:

46 (a) public and private funding sources made under Subsections (3) ~~[and]~~, (4), and (5);

47 (b) legally binding bankruptcy, financial assurance, or natural resource damage claim
48 settlements; and

49 (c) interest earnings on cash balances.

50 (3) The department may accept contributions for deposit into the fund from public and
51 private sources, including from a source as a condition of a consent decree, settlement
52 agreement, stipulated agreement, or court order.

53 (4) If funds are deposited as part of a consent decree, settlement agreement, stipulated
54 agreement, or court order, the source of the funding may specify terms and conditions in which
55 the funds may be used, in accordance with the consent decree, settlement agreement, stipulated
56 agreement, or court order.

57 (5) Money expended from the fund as part of the Clean Truck Incentive Program
58 described in Part 7, Clean Truck Incentive Program Act, may be replenished using funds from

59 federal programs as described in Subsections [19-1-706\(1\)](#) and [\(2\)](#).

60 ~~[(5)]~~ (6) Unless mandated by court order, the department may refuse funds if the
61 department determines ~~[it]~~ the department is incapable of meeting the terms and conditions of
62 the agreement to obtain the funds, including covering the costs to administer the fund and
63 oversee the implementation of the specific mitigation or response action.

64 ~~[(6)]~~ (7) The fund may account for assets held by the state for:

- 65 (a) an individual;
- 66 (b) a private or public entity;
- 67 (c) another governmental unit, including a local or federal agency;
- 68 (d) a state agency; or
- 69 (e) a Native American tribe.

70 Section 2. Section **19-1-701** is enacted to read:

71 **Part 7. Clean Truck Incentive Program Act**

72 **19-1-701. Definitions.**

73 As used in this part:

74 (1) "Approved clean truck contractor" means a commercial entity that sells clean trucks
75 or a retrofit manufacturer that the division has approved to process base incentive grants.

76 (2) "Base incentive" means the minimum amount, as described in Subsection
77 [19-1-704\(2\)](#), that the division may grant to an eligible purchaser for the purchase of a clean
78 truck.

79 (3) "Base incentive increase" means the amount the division may grant to an eligible
80 purchaser in addition to the base incentive.

81 (4) "Clean truck" means a medium or heavy duty vehicle that:

- 82 (a) is a fully electric vehicle; or
- 83 (b) has zero tailpipe emissions.

84 (5) "Commercial entity" means the same as that term is defined in Section [78B-3-1001](#).

85 (6) "Division" means the Division of Air Quality.

86 (7) "Drayage truck" means a medium or heavy duty vehicle primarily engaged in
87 hauling cargo to and from an intermodal facility or a multimodal facility.

88 (8) "Eligible purchaser" means a purchaser that meets the requirements described in
89 Subsection [19-1-703\(1\)](#).

90 (9) "Incremental cost" means the difference between the cost to repower a vehicle and
91 the cost to purchase an equivalent vehicle powered by an internal combustion engine, as
92 determined by the division.

93 (10) "Independent trucking operation" means an individual who is the owner of a
94 medium or heavy duty vehicle that is hired as a third-party contractor to transport goods for a
95 commercial entity.

96 (11) "Intermodal facility" means the same as that term is defined in Section [11-58-102](#).

97 (12) "Local education agency" means the same as that term is defined in Section
98 [53E-1-102](#).

99 (13) "Medium or heavy duty vehicle" means a vehicle that:

100 (a) has a gross vehicle weight rating over 8,500 pounds; or

101 (b) is classified by the Federal Highway Administration as Class 2b or greater.

102 (14) "Minority-owned business" means a commercial or business entity owned by an
103 individual who is a member of a minority ethnic group in the state or a commercial or business
104 entity with a majority of ownership held by individuals who are members of a minority ethnic
105 group in the state.

106 (15) "Multimodal facility" means the same as that term is defined in Section
107 [11-58-102](#).

108 (16) "Program" means the Utah Clean Truck Incentive Program.

109 (17) "Program incentive" means the total incentive offered to the eligible purchaser,
110 including the base incentive and any applicable base incentive increases.

111 (18) "Public transit district" means the same as that term is defined in Section
112 [17B-2a-802](#).

113 (19) "Repowered vehicle" means a vehicle formerly powered by an internal
114 combustion engine that has been retrofitted with a fully battery electric or fuel cell electric
115 powertrain.

116 (20) "Retrofit manufacturer" means a person that installs equipment on a vehicle to
117 convert the vehicle from an internal combustion engine vehicle to a repowered vehicle.

118 (21) (a) "Small business" means a commercial or business entity, including a sole
119 proprietorship, that does not employ more than 250 employees.

120 (b) "Small business" does not include a subsidiary or affiliate entity of a parent

121 company, if that parent company employs more than 250 employees.

122 Section 3. Section **19-1-702** is enacted to read:

123 **19-1-702. Clean Truck Incentive Program -- Grants made with fund money.**

124 (1) There is created within the division the Clean Truck Incentive Program.

125 (2) (a) The division may make a grant with money available in the Environmental
126 Mitigation and Response Fund described in Section [19-1-603](#) to an approved clean truck
127 contractor for an eligible purchaser of a clean truck.

128 (b) The division may make a grant with money transferred to the division from the
129 Department of Transportation, as described in Subsection [19-1-706\(1\)](#).

130 (3) The division may seek supplementary funding for the program from federal grant
131 programs, including:

132 (a) the Clean Heavy Duty Vehicle Program;

133 (b) the Diesel Emission Reduction Act Program; and

134 (c) other programs identified by the division.

135 (4) The division may reimburse itself with funds from the Environmental Mitigation
136 and Response Fund described in Section [19-1-603](#) for the costs of implementing and
137 administering the program.

138 Section 4. Section **19-1-703** is enacted to read:

139 **19-1-703. Approved clean truck contractor eligibility -- Requirements.**

140 (1) (a) To become an approved clean truck contractor, a commercial entity shall submit
141 an application to the division.

142 (b) (i) The commercial entity shall specify in the application whether the commercial
143 entity is the manufacturer or retrofit manufacturer of the clean truck.

144 (ii) If the commercial entity is not the manufacturer or retrofit manufacturer of the
145 clean truck, the commercial entity shall submit proof that the manufacturer or retrofit
146 manufacturer has authorized the commercial entity to sell the vehicle.

147 (2) An approved clean truck contractor:

148 (a) shall reduce the price of the clean truck for the eligible purchaser by the amount of
149 the program incentive the approved clean truck contractor receives from the division; and

150 (b) may not charge an eligible purchaser a fee for processing a program incentive.

151 (3) The division may make rules in accordance with Title 63G, Chapter 3, Utah

152 Administrative Rulemaking Act, for establishing:

- 153 (a) the process for completing and submitting an application under this section;
- 154 (b) the requirements a contractor shall meet for approval by the division;
- 155 (c) the process for approving eligible purchasers with the division;
- 156 (d) the method for tracking the number of clean trucks purchased by the same eligible
157 purchaser;
- 158 (e) the method for tracking a gas-powered or diesel-powered medium or heavy duty
159 vehicle traded in for the program;
- 160 (f) the process for approving base incentive amounts for an eligible purchaser; and
- 161 (g) the requirements for an approved clean truck contractor to market the program
162 incentive.

163 Section 5. Section **19-1-704** is enacted to read:

164 **19-1-704. Program incentives -- Purchaser eligibility -- Limitations.**

165 (1) To receive a program incentive, a purchaser shall demonstrate to an approved clean
166 truck contractor that the purchaser:

- 167 (a) owns a gasoline-powered or diesel-powered medium or heavy duty vehicle that the
168 purchaser has not used to claim a program incentive; and
- 169 (b) is a resident of the state.

170 (2) The division may grant a base incentive to an eligible purchaser through an
171 approved clean truck contractor according to the type of clean truck purchased by the eligible
172 purchaser, based on the Federal Highway Administration class designation, as follows:

- 173 (a) Class 2b, \$20,000;
- 174 (b) Class 3, \$50,000;
- 175 (c) Class 4, \$65,000;
- 176 (d) Class 5, \$75,000;
- 177 (e) Class 6, \$90,000;
- 178 (f) Class 7, \$135,000; or
- 179 (g) Class 8, \$175,000.

180 (3) (a) Except as provided in Subsection (3)(b), the division may award no more than
181 five base incentive grants to an eligible purchaser in a 12-month period.

182 (b) The division may award up to 10 base incentives in a 12-month period to a local

183 education agency or a public transit district located in a county with a population greater than
184 300,000.

185 (4) (a) The division may grant base incentive increases in addition to the applicable
186 base incentive described in Subsection (2), if an eligible purchaser demonstrates that the
187 eligible purchaser qualifies under Subsections (5) and (6).

188 (b) The division may not award more than two base incentive increases, one each from
189 Subsections (5) and (6), for each base incentive granted to an eligible purchaser.

190 (5) An eligible purchaser may qualify for one of the following base incentive increases:

191 (a) for an eligible purchaser that is a small business, an amount equal to 20% of the
192 base incentive;

193 (b) for an eligible purchaser that is an independent trucking operation, an amount equal
194 to 33% of the base incentive;

195 (c) for an eligible purchaser that is a local education agency, an amount equal to 10%
196 of the base incentive; or

197 (d) for an eligible purchaser that is a transit district, an amount equal to 10% of the
198 base incentive.

199 (6) An eligible purchaser may qualify for the one of the following base incentive
200 increases:

201 (a) for an eligible purchaser that is a minority-owned or veteran-owned business, an
202 amount equal to 5% of the base incentive; or

203 (b) for an eligible purchaser that is an owner of a drayage truck, an amount equal to
204 20% of the base incentive.

205 Section 6. Section **19-1-705** is enacted to read:

206 **19-1-705. Special conditions for repowered vehicles.**

207 (1) A repowered vehicle may qualify as a clean truck eligible for a program incentive
208 under Subsection [19-1-704](#)(2), if an eligible purchaser submits to the division and the division
209 approves:

210 (a) documentation of the cost to repower the vehicle;

211 (b) documentation of the cost of an equivalent new medium or heavy duty vehicle with
212 an internal combustion engine;

213 (c) documentation showing that the repowered vehicle is a model year that is at least

214 eight years old; and

215 (d) certification from the retrofit manufacturer that the retrofit manufacturer expects
216 the vehicle to operate for at least 10 years from the date of retrofit.

217 (2) The base incentive awarded by the division for a repowered vehicle may not exceed
218 the incremental cost.

219 Section 7. Section **19-1-706** is enacted to read:

220 **19-1-706. Agency coordination -- Division recommendation.**

221 (1) The division and the Department of Transportation shall enter into an agreement for
222 the Department of Transportation to transfer each year to the Environmental Mitigation and
223 Response Fund an amount of money equal to 17.5% of the federal money apportioned to the
224 state under the federal Carbon Reduction Program, 23 U.S.C. Sec. 175, for granting program
225 incentives and costs associated with administering the program.

226 (2) The division shall coordinate with the Department of Transportation to:

227 (a) ensure that the money expended to administer the program is used by the division
228 in accordance with the requirements of federal law, if the money transferred to the division by
229 the Department of Transportation has requirements under federal law; and

230 (b) request and obtain any waiver or permission from the Federal Highway
231 Administration that is necessary to comply with federal law or receive federal grant money.

232 (3) (a) On or before June 1, 2025, the division shall make a recommendation to the Air
233 Quality Board described in Section [19-2-103](#) relating to the regulation of medium or heavy
234 duty vehicles.

235 (b) The division shall consider the following in the division's recommendation to the
236 Air Quality Board:

237 (i) emission reductions needed for progress toward attainment of criteria pollutant
238 standards;

239 (ii) net economic impacts over the short term and long term;

240 (iii) benefit to public health; and

241 (iv) applicable federal regulation.

242 Section 8. **Effective date.**

243 This bill takes effect on May 1, 2024.