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**ARTICLE 16**

RELATING TO CLEAN DIESEL PROGRAM

SECTION 1. Chapter 31-47.3 of the General Laws entitled "The Diesel Emissions Reduction Act" is hereby amended by adding thereto the following section:

**31-47.3-5.1. Establishment of the Rhode Island clean diesel fund.** -- (a) There is hereby authorized and created within DEM a Rhode Island clean diesel fund for the purpose of reducing emissions from heavy-duty diesel engines operating on state roads and helping companies improve supply chain efficiency as described in the United States Environmental Protection Agency's SmartWay Program. The clean diesel fund will solicit projects that undertake eligible clean diesel measures and award grants from the fund to reimburse applicants for undertaking these measures.

(b) DEM shall promulgate rules and regulations pursuant to chapter 35 of title 42 containing a list of eligible clean diesel measures which shall include, but not be limited to, the following:

- (1) Aerodynamic technologies;
- (2) Clean alternative fuel conversions;
- (3) Diesel emission reduction solutions;
- (4) Engine repowers;
- (5) Idle reduction technologies;
- (6) Low rolling resistance tires;
- (7) Vehicle replacements;
- (8) Replacement or upgrades of transport refrigeration units or transport refrigeration unit generator sets; and
- (9) Routine maintenance shown to improve fuel efficiency or decrease emissions including, but not limited to, oil changes and cleaning of diesel particulate filters.

(c) Equipment eligible for grant funding must:

- (1) Be intended for on-road use;
- (2) Be registered with the Rhode Island division of motor vehicles;
- (3) Be kept or garaged in Rhode Island as indicated on the vehicle registration issued by the division of motor vehicles;

1 (4) Have been certified to DEM that fifty percent (50%) or more of vehicle miles  
2 traveled, or hours of operation, shall be projected to be in Rhode Island for at least five (5) years  
3 following the grant award; and

4 (5) Meet any other criteria established in DEM rules and regulations promulgated by  
5 DEM pursuant to Chapter 35 of title 42.

6 (d) Administrative costs. - The cost of administration and outreach by DEM shall not in  
7 any year exceed two hundred thousand dollars (\$200,000) or ten percent (10%) of the fund  
8 appropriation, whichever is greater.

9 (e) Project priority list. - DEM shall promulgate rules and regulations pursuant to chapter  
10 35 of title 42 that contain a project priority list for the Rhode Island clean diesel fund and the  
11 process through which an eligible applicant may submit an application for inclusion of a project  
12 on the project priority list. Upon issuance of the project priority list by DEM, the project priority  
13 list shall be used by DEM to determine the order in which grants shall be awarded.

14 (f) Awarding of grants. - DEM shall only award grant funds after verifying that the  
15 eligible measures outlined in the application have been implemented successfully by the  
16 applicant. If the final invoice price of an eligible measure is less than the initial quoted price, the  
17 grant award shall be reduced accordingly. Grants shall not be awarded to aid in compliance with  
18 existing mandates in state or federal law.

19 (g) Grant amounts. - For each eligible measure implemented by the applicant, DEM shall  
20 only issue grants for up to fifty percent (50%) of the total project cost. DEM shall promulgate  
21 rules and regulations pursuant to chapter 35 of title 42 that set the exact reimbursement amount  
22 for each eligible measure. The total project cost shall include both the material and labor needed  
23 to implement each eligible measure. No one applicant shall be awarded more than twenty-five  
24 percent (25%) of the grant funds appropriated during a given fiscal year, provided that the total  
25 grants requested exceed the amount appropriated. If the total amount of grants requested is less  
26 than the amount appropriated in a given fiscal year, DEM may allocate more than twenty-five  
27 percent (25%) of the fund to one applicant.

28 (h) Vehicle replacements. - For projects that propose to replace vehicles, the following  
29 conditions shall be met:

30 (1) The applicant shall replace an older vehicle with a newer vehicle certified to more  
31 stringent emissions standards than the engine or vehicle being replaced;

32 (2) The vehicle being replaced is a model year at least ten (10) years old;

33 (3) The vehicle being replaced has a gross vehicle weight rating of thirty-three thousand  
34 one pounds (33,001 lbs.) or greater;

- 1           (4) The replacement vehicle purchased by the applicant is a model year no more than  
2 three (3) years old;
- 3           (5) The replacement vehicle has a gross vehicle weight rating of thirty-three thousand one  
4 pounds (33,001 lbs.) or greater;
- 5           (6) The replacement vehicle must be operable with remaining useful life as defined in  
6 rules and regulations promulgated by DEM pursuant to chapter 35 of title 42.
- 7           (7) The engine of the vehicle being replaced must be scrapped or otherwise rendered  
8 inoperable in a manner consistent with rules and regulations promulgated by DEM pursuant to  
9 chapter 35 of title 42;
- 10           (8) The amount of funding requested must contain the sale price of the vehicle, not  
11 including any interest or other finance charges; and
- 12           (9) A vehicle purchased on a lease must be operated for the life of the project, with the  
13 life of the project being included in the application approved by DEM.
- 14           (i) Transport refrigeration unit replacement. - For projects that propose to replace or  
15 upgrade transport refrigeration units or transport refrigeration unit generator sets, the following  
16 conditions shall be met:
- 17           (1) The transport refrigeration unit or transport refrigeration unit generator set being  
18 replaced or upgraded is powered by a diesel engine;
- 19           (2) The transport refrigeration unit or transport refrigeration unit generator set being  
20 replaced or upgraded is being used on a vehicle with a gross vehicle weight rating of thirty-three  
21 thousand one pounds (33,001 lbs.) or greater;
- 22           (3) The replacement or upgraded transport refrigeration unit or transport refrigeration unit  
23 generator set produces fewer emissions than the equipment being replaced or upgraded; and
- 24           (4) The replacement or upgraded transport refrigeration unit or transport refrigeration unit  
25 generator set meets emission criteria established by DEM in rules and regulations promulgated by  
26 DEM pursuant to chapter 35 of title 42.
- 27           (i) Reporting. - Projects receiving grant funding from DEM shall be subject to any  
28 reporting and data collection requirement specified in DEM rules and regulations promulgated by  
29 DEM pursuant to chapter 35 of title 42.
- 30           (j) Penalties. - Applicants awarded funds under this program may be penalized for  
31 breaching the terms of their grant award or for other project non-performance through the:
- 32           (1) Cancellation of the grant award;
- 33           (2) Recovery of all or a portion of the grant award;
- 34           (3) Other fiscal penalties on an applicant based on the severity of non-performance and as

1 specified in rules and regulations promulgated by DEM pursuant to chapter 35 of title 42; or  
2 (4) Prohibiting an applicant or a specific vehicle from participating in the program in the  
3 future.

4 (k) Appropriation. - The general assembly shall annually appropriate such funds as it  
5 deems appropriate for this program.

6 SECTION 2. This article shall take effect upon passage.