Proposal to Include Clean Air Provisions in National Infrastructure Bill

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- **Background**
  - The Trump administration is eyeing a summer deadline to unveil the president's $1 trillion infrastructure package.
  - "a strategic, targeted program of investment valued at $1 trillion over 10 years.

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- The infrastructure proposal is an opportunity to not just promote jobs and the economy by improving our nation's transportation backbone, but to also reduce the impacts of pollution generated by federally-regulated emission sources which use that infrastructure everyday: trucks, trains, ships and planes.

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- Air pollution is a major environmental risk to health. By reducing air pollution levels, states and counties can reduce the burden of disease from stroke, heart disease, lung cancer, and both chronic and acute respiratory diseases, including asthma.

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Impact on the Economy

- Sending tens of millions of dollars each year to polluted areas across the country would provide investment and create jobs in those communities.

- These funds would spur investment in clean technology businesses and help push the development of advanced clean technologies into the marketplace.

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Impact on the Economy

- These funds could propel the emergence of new and innovative clean technology businesses such as the development and installation of clean fuel infrastructure, the installation of clean energy technology, energy storage, as well as clean vehicles and other transportation solutions that can be exported across the globe.

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- We propose The US CAIR **(United States Clean Air Investment & Revitalization)** Act of 2017 be included in the infrastructure bill in order to concurrently improve air quality through infrastructure investment.

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- US CAIR includes:
  - Clean Air Revolving Loan Fund
  - Advanced Clean Technologies Block Grant Program
  - Clean Construction Requirement for Federal Infrastructure Projects
  - Infrastructure to Incentivize Clean Technologies

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- Clean Air Revolving Loan Fund
  - Provides capitalization grants to each state for their own loan funds based upon nonattainment levels for ozone and PM2.5.
  - Each state or local jurisdiction creating a CARLF must provide a 20 percent local match.
  - The loan fund will get paid back over time from the entity borrowing the funds, and the monies paid back will be used to make more loans.

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- Clean Air Revolving Loan Fund used for:
  - Any permitted equipment in the business's facility that emits a criteria pollutant and will be replaced by equipment that will emit less than half of the emissions of current applicable regulatory requirements,
  - Equipment or materials that are added to existing permitted equipment which captures, collects, filters, catalyzes or in any other way reduces the emissions that the existing equipment currently generates,

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- Clean Air Revolving Loan Fund used for (continued):
  - Zero- or near-zero emission vehicles which replace older polluting vehicles,
  - Recharging or refueling stations or equipment that is used to fuel/charge clean vehicles,
  - Renewable energy equipment (such as wind, solar, hydro, kinetic, etc.) replacing or augmenting existing power sources in order to mitigate or reduce emissions from energy used by the facility.

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Advanced Clean Technologies Block Grant Program

Block funding will be given out to states and local entities responsible for achieving attainment for ozone and PM nonattainment areas (states, counties and air districts) to be used for technology programs to meet attainment standards such as purchasing, subsidizing, or incentivizing the transition to clean transportation technologies.

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Advanced Clean Technologies Block Grant Program (continued):

Funds may be used for technology or programs that will achieve measurable reductions from the freight transportation sector:

- Commuter or freight locomotives (such as replacing them with Tier IV engines, electrifying a rail system, or funding a logistics system to assign the cleanest locomotives to the most polluted regions)

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Advanced Clean Technologies Block Grant Program:

Funds may be used for technology or programs that will achieve measurable reductions from the freight transportation sector:

- Marine vessels – Such as by subsidizing the implementation of regulatory requirements, or by providing incentives for technologies to reduce emissions (such as through converting port berths to ‘cold ironing’ (shore power) or adding bonnets to a vessel’s exhaust stack to catch pollutants)

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Advanced Clean Technologies Block Grant Program:

Funds may be used for technology or programs that will achieve measurable reductions from the freight transportation sector:

- Construction Equipment - Ensuring that construction equipment is replaced or retrofit with engines that meet the most stringent emission standards
- Heavy and Medium Duty Vehicles – Subsidizing the replacement or retrofit of newer, cleaner heavy- and medium-duty vehicles.

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Clean Construction Requirement for Federal Infrastructure Projects

- Infrastructure bill should require one of the following:
  - Infrastructure projects in nonattainment areas using federal funds must be built with the cleanest construction equipment available, and include the use of low-emission equipment where state and local governments would be preempted from requiring emission controls, or

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Infrastructure to Incentivize Clean Technologies

Projects funded by the Infrastructure bill which either, in whole or in part, incentivize the use of advanced clean technologies (e.g. dedicated clean truck lanes, toll lanes that reduce or eliminate tolls for specified zero- or near-zero emission vehicles, etc.) or promote the use of advanced clean technologies (e.g. by building and providing access to clean vehicle refueling and recharging stations at highway rest stops), would cut the required local match in half.

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Funding Needed

- Deriving the cost to clean the air all over the nation is difficult since it is unclear exactly which strategies each region will utilize to achieve attainment.
- SCAQMD estimates the cost to meet ozone attainment for its region at between $12 to $14 billion over the next 15 years, or around $1 billion per year.

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Funding Needed (continued)

By way of comparison, Beijing Municipal Bureau of Environmental Protection estimates that China will need to spend $817B to clean its air up to the 60 microgram level, while Beijing will have to spend $163B of that to clean up its air.

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Funding Needed – Proposal

- 5% of the $1 Trillion infrastructure plan be devoted to programs spent on air quality improvements.
- This means that $5 billion/year/10 years would be allocated nationally for air quality improvements.

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Funding Needed – Proposal

- Propose that funds be allocated to all states with at least one county that is in nonattainment for ozone on a graduated scale based on:
  - (1) the level of severity of nonattainment,
  - (2) the population in the nonattainment area, and
  - (3) the number of days that residents in the nonattainment area have been exposed to ozone above the federal health-based standard

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Funding Needed – Proposal

- At least ninety percent of the funds should be used on programs that will directly benefit the state's nonattainment areas

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Potential Funding Sources

- A Transition Tax for Repatriation of Foreign Profits
- Ad Valorum Fee on Cargo
- Uniform Cargo Container Fee
- Airline Passenger Clean Air Segment Fee

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Potential Funding Sources

- A Transition Tax for Repatriation of Foreign Profits
  - Any corporate tax reform that alters the tax treatment of future overseas profits will likely include a one-time transition tax on existing foreign profits as part of the shift to the new tax system.

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Potential Funding Sources

- Ad Valorum Fee on Cargo
  - The total value of goods imported to US via seaborne ports in 2016 was $1.001T. The total value of imports to the U.S. in 2016 (from all ports of entry) was $2.189T.
  - Assessing a flat 0.075 percent ad valorem fee would raise $75B annually on US imports through seaports alone, and $164B on all imports. But a cap could be included to reduce the amount of taxes imposed

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Potential Funding Sources

- Uniform Cargo Container Fee
  - At $25 per container, based on 46 million TEUs loaded nationally in 2014 (with 13 million loaded in the Southern California ports), this would have generated $1.1B nationally. If the fee were $100 per TEU, this would've raised $4.6 Billion annually.

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Potential Funding Sources

- Airline Passenger Clean Air Segment Fee
  - Inserting a $5 fee for air pollution mitigation for each airplane flight segment would bring in approximately $4.1 Billion annually. (From Nov 15 through Oct 16, there were 819.5 million passenger flight segments (enplanements)).

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- Thoughts??
- Questions?
- Support?