UPDATE ON WATER INFRASTRUCTURE FUNDING

With Congress in recess until after Labor Day, the following update is largely consistent with the report from August. The attached report from Key Advocates includes a full run down of the various vehicles for funding increases to support water infrastructure investment.

The driving factor to any infrastructure bill happening when Congress goes back into session is the pending expiration of the FAST Act (expires on Sept. 30th). As previously reported, on July 31st the House passed its mega infrastructure bill by a mostly partisan vote of 233-188. The cornerstone of the bill is the reauthorization of the FAST Act – the highway/transit program. See the following links:

- Text of the Moving Forward Act is: https://transportation.house.gov/download/bill-text-moving-forward-act
- A Section by Section is: https://transportation.house.gov/download/sec-by-sec-moving-forward-act

“Water items of interest” included:

- Alternative Water Source Program - $600M - see p. 49 of the Section-by-Section and pp.1122-1124 of the Bill Text;
- Clean Water SRF -$40B ($8B annually for 5 years) - see p.50 of the Section-by-Section and pp.1132-1133 of the Bill Text;
- Safe Drinking Water SRF - $4.140B for FY22; $4.8B for FY23; and $5.5B for FY 24 and 25 - see p.61 of the Section-by-Section and p.1463 of the Bill Text; and,
- Title 16 WIIN Grants - $500M - see p.78 of the Section-by-Section and pp.1781-1783 of the Bill Text; and,
- Rewrite of the Huffman omnibus bill including a process to de-authorize inactive USBR water projects

So far the discussion of a Senate infrastructure bill has focused only on the bipartisan FAST Act and WRDA reauthorization bills reported by the Environment and Public Works Committee. COVID-19 Recovery Bills have not included water infrastructure funding to any noteworthy degree. The House Bills "America’s Water Infrastructure Act of 2020" (AWIA) and the "Drinking Water Infrastructure Act of 2020") funding levels are favored by, but are not expected to move in the Senate.

Highlights of both bills and others are included in the full report from Key Advocates.
HOUSE WRDA BILL

Speculation mounts that a WRDA bill may have to wait until the expected lame duck session after the national election in November. A new WRDA bill has been passed every year for the last six years. On July 29, the House passed H.R. 7575, the “Water Resources Development Act of 2020” which would authorize an estimated $8.6 billion in federal funds to help finance 34 new Army Corps of Engineers construction projects subject to appropriations. Counting the projects' nonfederal shares, it is estimated that the projects' total funding will be at about $13 billion.

The bill is a Corps of Engineers bill only and is trending as a bipartisan effort. No other water programs included such as reauthorization of the CWSRF. The Senate bills, already reported from committee, include non-Corps items (see above). However, of interest is H.R. 1497 (details included in Key Advocates report) which, while a separate bill, will probably link up with the House WRDA bill as it goes to conference, thereby creating a situation where reauthorization of the CWSRF (a high priority for the CWCC) has a good chance of happening.

Among other provisions in the new WRDA is a priority for committee Chairman Peter DeFazio (D-Ore.), language to “unlock” the surplus in the Harbor Maintenance Trust Fund. DeFazio is quoted saying that the bill would allow about $10 billion in already collected Harbor Maintenance Taxes to be used for port improvements and harbor dredging around the U.S.

WRDA authorizes Corps projects while the Energy and Water Appropriations Bill provides funding. Section 401 includes a list of projects.

Section-by-Section:
https://transportation.house.gov/imo/media/doc/WRDA%202020%20Section%20by%20Section%20Final.pdf

Fact Sheet:
BE ON THE LOOK OUT – MOU ON VEHICLE EMISSIONS

A Memorandum of Understanding (MOU) has been executed between 15 Northeast states and DC aiming to accelerate the transition to zero-emission trucks and buses through a collaborative process facilitated by the Northeast States for Coordinated Air Use Management (NESCAUM). It is unclear at this time the impact for heavy construction but at a minimum it appears to target trucking. We are sending this around to you all in the event you are in one of these jurisdictions and/or in a jurisdiction that may be involved in a related effort.

A PDF of the MOU is attached to this report.

KEY ADVOCATES REPORT

Included with this notice is Key Advocates recent report which is current to the end of August.
September 2020 Insights

Infrastructure (The Congress)

At this point, the key to infrastructure happening is the highway bill. With the FAST Act expiring Sept. 30, something needs to happen for highway, transit and rail funds to continue to flow to the states. On July 1, the House included FAST Act reauthorization in its mega infrastructure bill (H.R. 2, “Moving Forward Act”), plus $600M for the Alternative Water Source Program (AWSP), $40B for the Clean Water State Revolving Fund (CWSRF), $500 M for water recycling grants under the WIIN Act, and a deauthorization program for inactive Bureau of Reclamation Title XVI projects. The bill passed the House mostly on a partisan vote (all Democrats in favor plus 6 Republicans). We checked with the House and Senate FAST Act authorizing committees to learn their plans going forward. The T&I Committee said that its their position that if a highway bill is going to happen, it’s going to be in the context of a mega infrastructure bill. The Senate reported its highway bill and its WRDA bill (two bills: AWIA (America’s Water Infrastructure Act) and DWIA (Drinking Water Infrastructure Act)). The Senate Environment and Public Works Committee sees the Senate infrastructure bill as being these three bills, but the Senate hasn’t brought any of the three to the Floor yet nor have other Senate committees taken action on their jurisdictional portions of the FAST Act.

Infrastructure (The White House)

To review, the President’s FY21 Budget has two major infrastructure components. The first is a $810 billion, 10-year reauthorization of surface transportation programs. The second is a $190 billion in investments across a range of infrastructure, as follows:

- **$60 Billion for a new Building Infrastructure Great grants program.** This “mega-projects” program will focus on delivery of such projects across a range of sectors: surface transportation road, bridge, rail, transit, pipeline, landside port, and intermodal connection capital investments; lock, dam, and canal investments; drinking water and waste treatment capital investments; and energy and broadband capital investments.

- **$50 billion for a new Moving America’s Freight Safely and Efficiently program.** This program will support projects with significant economic, mobility, and safety benefits on our strategic highway, rail, port, and waterway freight networks.

- **$35 billion for a new Bridge Rebuilding program.** This program will make targeted investments in critical bridge infrastructure to restore them to good condition. $12 billion will be provided for “off- system” bridges allocated via formula, and $23 billion will be provided for larger bridges via a competitive process.
• **$25 billion for a new Revitalizing Rural America program.** This program focuses on the needs and contributions to our economy made by rural communities and helps them deliver broadband, transportation, water and other infrastructure projects.

• **$20 billion for a Transit State of Good Repair Sprint program.** The program will focus exclusively on rehabilitating existing transit assets (no new capacity projects).

• **$6.5 billion for a Public Lands Infrastructure Fund.** This program would address the deferred maintenance backlog in our national parks, forests, wildlife refuges and other public lands, along with Bureau of Indian Education

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**S. 1932, “Drought Resiliency and Water Supply Infrastructure Act”**

**Status:** Senator Manchin, Ranking Democrat on the Energy and Natural Resource Committee, continues to object to moving the bill in its current form or in a proposed revised draft that attempts to resolve some of his concerns. Unfortunately, until that changes, the Senate Energy and Natural Resources Committee reports that it is unable to move the bill individually or include in a potential future package. The essence of the proposed revised draft is that the Republicans get more funding for water storage in return for the Dems getting more funding for recycled water ($160M over 5 years).

To review, the bill was introduced on June 20 by Senator Cory Gardner (R-CO) with cosponsors Senators Feinstein, McSally (R-AZ), Sinema (D-AZ) and Rosen (D-NV). The bill was referred to the Energy and Natural Resources Committee. McSally is the Chair of its Water and Power Subcommittee. Gardner is a member of the Subcommittee. Feinstein and Sinema are not on the Committee. As introduced, the bill would authorize for FY19-24 $670M for surface and groundwater storage projects, $100M for water recycling projects, and $60M for desalination projects. It would also create a new loan program at 30-year Treasury rates for water supply projects known as the Reclamation Infrastructure Finance and Innovation Act (RIFIA). The $150M authorized for the program would make available $8 to $12B in lending authority for the low interest loans. The loans would use existing criteria under the WIFIA program, with projects for funding to be recommended by the Bureau of Reclamation, and with the loans to be administered by EPA. The bill would also authorize $140M for restoration and environmental compliance projects. The bill provides offsets, one of which is a process to de-authorize inactive water recycling projects – projects for which no Federal or sponsor funds were spent on construction in the past 10 years, with an allowance of two and one-half years to spend funds to prevent de-authorization.

**H.R. 1162, the “Water Recycling Investment and Improvement Act”**

**Status:** Included in H.R. 2, the mega infrastructure bill which passed the House. As such, the Natural Resources Committee sees no need at this point to move it or Huffman’s bill separately. Should H.R. 2 not move, the Committee thinks there is a real possibility that H.R. 1162 and/or the Huffman bill will then move separately.

To review, on Feb.13, Congresswoman Napolitano introduced the bill (with 17 cosponsors, now 27– all Dems). On June 13, the Subcommittee on Water, Oceans, and Wildlife (WOW) of the Natural Resources Committee held a hearing on the bill and on March 11, the Full Committee marked it up. The bill:

- Increases the WIIN Act authorization for Title XVI from $50 million to $500 million
- Makes the WIIN Act Title XVI program permanent as it currently expires in 2021.
• Strikes the requirement that projects must be in drought or disaster areas
• Strikes the requirement that the projects need to be designated in an appropriations legislation
• Increase the limitation on the federal share of individual Title XVI projects from the current $20 million in October 1996 prices to $30 million in January 2019 prices
• Does not change the 25% Federal cost share

Huffman Omnibus Water Bill

Status: Included, as revised, in H.R. 2, see above.

To review, on January 10, Congressman Jared Huffman (D-CA-2), Chair of the Water, Oceans, and Wildlife Subcommittee of the Natural Resources Committee, unveiled a draft for comment of his omnibus water bill, the “FUTURE Drought Resiliency Act,” that includes Cong. Napolitano’s HR. 1162 and a section from Cong Harder’s HR. 2473 (both also included in this monthly report). The included Napolitano language increases from $50M to $500M the authorization for Title XVI WIIN grants and from $20M to $30M the Federal share.

The included Harder language authorizes $300M per year for a new "Water Infrastructure and Drought Solutions Fund," of which $100M is for ground water storage projects, $100M for water reclamation and reuse projects, and $100M for WaterSMART grants. Because it will take years for revenues (they would come from the existing reclamation fund) to reach the $300M level, the authorizations are for FY2030-2060.

Other provisions in the draft -

• $750M for storage projects
• $240M for desalination projects
• $100M for disadvantaged communities without adequate drinking water
• Various technology provisions
• Various ecosystem protection provision

DeFazio H.R.1497, the “Water Quality Protection and Job Creation Act of 2019.”

Status: The bill has not been officially reported. The T&I Committee previously said the plan was for Floor action in July but that didn’t happen.

To review, on March 10 Chair DeFazio, Subcommittee Chair Napolitano, and Representatives Don Young and John Katko introduced the above bill (now with 56 cosponsors) which was amended in markup to authorize $14B over the next five fiscal years for the CWSRF, $1.125B for overflow and sewer grants, $1.295B for state water pollution control programs, $110M for innovative water grants, and $150M for alternative water source projects. A Coalition support letter was submitted.

Senate WRDA Bills

Status: Tied up with strategy on the highway bill and infrastructure.

To review, on May 6, the Senate Environment and Public Works Committee reported two water bills – S. 3591, the “America’s Water Infrastructure Act of 2020” (AWIA) and S. 3590, the “Drinking Water Infrastructure Act of 2020.” The two bills are intended to form the Senate 2020 WRDA bill. There are two bills because of the split jurisdiction in the House - AWIA is a Corps
of Engineers/clean water bill which is under the jurisdiction of the House T&I Committee; the Drinking Water bill falls under the jurisdiction of the House Energy and Commerce Committee.

Highlights on both bills -

- $25M for FY 2022-2024 for the Alternative Water Source Grants Program - the DeFazio bill authorizes $75M for each of 5 fiscal years;
- $2B in FY 2022, $2.5B in FY 2023 and $3B in FY 2024 for the Clean Water SRF (subject to scorekeeping and offsets if necessary) - the DeFazio bill authorizes $14B over 5 fiscal years;
- Reauthorization and expansion of the Drinking Water Infrastructure Risk and Resiliency Program ($10M for FY 2022-2024 of the Drinking Water bill), and the creation of a companion $15M for FY2022-2024 program for clean water systems;
- $250M for FY 2021-2022 for reauthorization of the Sewer Overflow and Stormwater Reuse Grant Program - the DeFazio bill authorizes $225M for each of five fiscal years;
- $50M for WIFIA for FY 2022-2024;
- No authorizations for the Safe Drinking Water SRF as that was re-authorized and increased last Congress;
- No funds for the Title XVI WIIN grant program as that falls under the jurisdiction of the Senate Energy and Natural Resources Committee;

**House WRDA Bill**

**Status:** On July 29, the House passed H.R. 7575, the “Water Resources Development Act of 2020.”

The bill is a Corps of Engineers bill only. No other water programs included such as reauthorization of the CWSRF. The Senate bills, already reported from committee, include non-Corps items (see above). However, of interest is H.R. 1497 (also above) which, while a separate bill, will probably link up with the House WRDA bill as it goes to conference, thereby creating a situation where reauthorization of the CWSRF etc. have a good chance of happening. See links to House WRDA bill:

**Section-by-Section:**
https://transportation.house.gov/imo/media/doc/WRDA%202020%20Section%20by%20Section%20Final.pdf

**Fact Sheet:**

Current law expires Sept. 30 of this year. Goal is to re-authorize the program this year to keep it on a two-year cycle.

**FY21 Corps of Engineers Projects**

WRDA authorizes Corps projects while the Energy and Water Appropriations Bill provides funding, see the following for projects (note: these are projects in the House bills only; Senate action is still pending)

H.R. 7575 Water Resources Development Act of 2020 - see section 401 per the following link
H.R. 7613   FY21 Energy and Water Appropriations Bill - see pp.19-70 per the following link


**Senate Highway Bill**

FAST Act reauthorization required by Sept. 30 when current program expires. Senate EPW has reported its version of the bill. Other Senate committees that need to act include Banking (mass transit), Commerce (trucking, rail and safety), and Finance (how to pay for the bill). Senate Banking Committee held an authorization hearing on Feb. 25.

To review, the EPW bipartisan bill would authorize $287 billion in highway spending, 90-percent of which would be distributed to the states by formula. The bill also features a title on climate change, which would authorize $10.8 billion for various programs addressing resiliency and other climate issues over the next five fiscal years. That includes $1 billion for electric, hydrogen, and natural gas vehicle charging and fueling stations. It would also provide billions for programs aimed at curbing emissions and reducing congestion and truck idling. The legislation would also streamline infrastructure permitting and set a two-year target for environmental reviews. Lastly, the bill would authorize $12.5 million per year to fund state and reginal pilot testing of user-based alternative revenue mechanisms to the gas tax.

**House FY21 “Water” Appropriations Updates**

The House is beginning to pass minibus appropriations bills. One such bill, H.R. 7608 which includes the State, Ag, Interior, Military and Veterans bill, passed on July 24. Included in the Interior bill are $1.639B for the CWSRF and $1.126B for the SDWSRF – both the FY20 enacted levels. The President’s budget proposed $1.119B for the CWSRF and $863.2M for the SDWSRF. Another minibus - H.R. 7617 - includes the Energy and Water bill at $63.665M for Title XVI, of which $11.791M is for the WIIN Grant program, and $60M for WaterSmart. The following is also included in the report accompanying the bill:

**House FY21 Transportation Appropriations Bill**

H.R. 7617 also includes the Transportation Appropriations bill, as follows:

- $1 billion for **National Infrastructure Investments (TIGER/BUILD)**, equal to the FY 2020 enacted level and the President’s budget request
- $3 million to support the **Highly Automated Systems Safety Center of Excellence** established in fiscal year 2020. This program was not in the President’s budget request
- $10 million for **Transportation Planning Grants** to assist areas of persistent poverty. This new competitive grant program was not in the FY 2020 enacted bill or the President’s budget request
- $1 billion for discretionary **Highway Infrastructure Programs**, a decrease of $1.2 billion below the FY 2020 enacted level and $1 billion above the President’s budget request
- $881 million for the **Federal Motor Carrier Safety Administration**, consistent with the INVEST in America Act, an increase of $202 million above the FY 2020 enacted level and $179 million above the President’s budget request
- $1.3 billion for the **National Highway Traffic Safety Administration**, consistent with the INVEST in America Act, an increase of $268 million above the FY 2020 enacted level and $293 million above the President’s budget request
- $3 billion for the **Federal Railroad Administration**, an increase of $201.8 million above the FY 2020 enacted level and $1 billion above the President’s budget request
- $2.05 billion for **Amtrak**, an increase of $50 million above the FY 2020 enacted level and $1.1 billion above the President’s budget request
- $18.9 billion for the **Federal Transit Administration**

**Senate FY21 Appropriations Bills**

Hearings continue. No markups scheduled.

**Bill Tracking**

*S.40 — 116th Congress (2019-2020)*

**Bureau of Reclamation Transparency Act***

Sponsor: Sen. Barrasso, John [R-WY] (Introduced 01/08/2019) Cosponsors: (1)

Committees: Energy and Natural Resources

*S.611 — 116th Congress (2019-2020)*

**Water Affordability, Transparency, Equity, Reliability Act of 2019***


Committees: Environment and Public Works

*H.R.1764 — 116th Congress (2019-2020)*

**To amend the Federal Water Pollution Control Act with respect to permitting terms, and for other purposes.***


Committees: House - Transportation and Infrastructure

*H.R.5628 — 116th Congress (2019-2020)*

**Clean Water Allotment Modernization Act***


Committees: House - Transportation and Infrastructure

*S.3211 — 116th Congress (2019-2020)*

**Clean Water Allotment Modernization Act***

Sponsor: Sen. Rubio, Marco [R-FL] (Introduced 01/16/2020) Cosponsors: (1)

Committees: Senate - Environment and Public Works

*S.3160 — 116th Congress (2019-2020)*

**Affordable Safe Drinking Water Act of 2020***

Sponsor: Sen. Warren, Elizabeth [D-MA] (Introduced 01/08/2020) Cosponsors: (1)

Committees: Senate - Environment and Public Works

*H.R.5539 — 116th Congress (2019-2020)*

**Clean Water Standards for PFAS Act of 2020***

Sponsor: Rep. Pappas, Chris [D-NH-1] (Introduced 01/03/2020) Cosponsors: (13)
Committees: House - Transportation and Infrastructure

**Affordable Safe Drinking Water Act of 2019**
Committees: House - Energy and Commerce; Transportation and Infrastructure

**Critical Infrastructure Act of 2019**
Committees: House - Natural Resources

**Safe Drinking Water Assistance Act of 2019**
Committees: House - Energy and Commerce; Science, Space, and Technology

**National Infrastructure Investment Corporation Act of 2019**
Committees: House - Transportation and Infrastructure

**SMART Infrastructure Act**
Committees: Transportation and Infrastructure; Science, Space, and Technology; Agriculture; Energy and Commerce

S.352 — 116th Congress (2019-2020)
**BUILD Act**
Sponsor: Sen. Cornyn, John [R-TX] (Introduced 02/06/2019) Cosponsors: (1)
Committees: Finance Increases from $15 billion to $20.8 billion the national limitation on the amount of tax-exempt highway or surface freight transfer facility bonds.

**Build America Act of 2019**
Committees: Transportation and Infrastructure and Ways and Means Directs the Department of Transportation (DOT) to carry out a national infrastructure investment grant program for capital investments in surface transportation infrastructure. Projects eligible for funding under the program include, at a minimum, highway and bridge projects, public transportation projects, passenger and freight rail transportation projects, and port infrastructure investments. In distributing grants under the program, DOT shall ensure an equitable geographic distribution of funds, an appropriate balance in addressing the needs of urban and rural areas, and investment in a variety of transportation modes. At least 20% of grant funds must be set aside for projects in rural areas. The bill amends the Internal Revenue Code to: (1) establish a National Infrastructure Investment Trust Fund, and (2) increase the tax on gasoline other than aviation gasoline and on diesel fuel or kerosene.

S.146 — 116th Congress (2019-2020)
**Move America Act of 2019**
Sponsor: Sen. Hoeven, John [R-ND] (Introduced 01/16/2019) Cosponsors: (1)
Committees: Finance Allows tax exempt Move America bonds and Move America tax credits to
be used for certain infrastructure projects. A Move America bond is treated as a tax-exempt private facility bond with certain exceptions. At least 95% of the net proceeds from the issuance of the bond must be used for infrastructure projects. The bill specifies exceptions and modifications to existing rules for bonds regarding land acquisition, government ownership, rehabilitation expenditures, and the alternative minimum tax. The bonds are subject to a volume cap equal to 50% of a state's current private activity bond volume cap. States may exchange all or a portion of the volume cap for Move America tax credits to be allocated to taxpayers. The credits include (1) an equity credit for a portion of the basis of each qualified facility; and (2) an infrastructure fund credit for investments in qualified infrastructure funds, including a state infrastructure bank, a water pollution control revolving fund, or a drinking water treatment revolving loan fund.

National Infrastructure Development Bank Act of 2019
Committees: Energy and Commerce, Transportation and Infrastructure, Financial Services and Ways and Means

S.353 — 116th Congress (2019-2020)
RAPID Act
Sponsor: Sen. Cornyn, John [R-TX] (Introduced 02/06/2019) Cosponsors: (1)
Committees: Environment and Public Works This bill revises the transportation infrastructure finance and innovation (TIFIA) program to (1) require program applicants to obtain investment grade ratings from at least two credit rating agencies, unless the federal credit instrument is less than $150 million (currently, less than $75 million), in which case one rating will suffice; (2) require the Department of Transportation (DOT) to implement an expedited decision timeline for public agency borrowers seeking secured loans; and (3) require DOT to publish status reports on program applications on the TIFIA website.

S.403 — 116th Congress (2019-2020)
IMAGINE Act
Committees: Environment and Public Works. Encourages the use of innovative construction materials and techniques to accelerate the deployment, extend the service life, improve the performance, and reduce the cost of domestic transportation and water infrastructure projects.

H.R.228 — 116th Congress (2019-2020)
Increase Transportation Alternatives Investment Act of 2019
Sponsor: Rep. Velazquez, Nydia M. [D-NY-7] (Introduced 01/03/2019) Cosponsors: (2) Committees: Transportation and Infrastructure Directs the Department of Transportation (DOT) to ensure that states give preference under the Surface Transportation Block Grant Program to eligible projects that (1) are located in areas that are undergoing extensive repair or reconstruction of transportation infrastructure, including federal-aid highways, federally owned roads open for public travel, passenger rail facilities, and public transportation facilities; and (2) will provide transportation alternatives related to the closure of transportation infrastructure in such areas. DOT shall (1) carry out a competitive grant program to support community efforts to invest in transportation alternatives; and (2) give preference in awarding grants to projects located in such areas. Entities eligible for grants include state and local governments, metropolitan planning organizations, and rural planning organizations.

Surface Transportation Investment Act of 2019
Sponsor: Rep. Brownley, Julia [D-CA-26] (Introduced 01/30/2019) Cosponsors: (1) Committees: Ways and Means and Transportation and Infrastructure. This bill limits or repeals certain tax benefits for major integrated oil companies, including (1) the foreign tax credit for companies that are dual capacity taxpayers, (2) the tax deduction for intangible drilling and development costs, (3) the percentage depletion allowance for oil and gas wells, and (4) the tax deduction for qualified tertiary injectant expenses.

The bill modifies the definition of "major integrated oil company" to include certain successors in interest that control more than 50% of the crude oil production or natural gas production of the company. The bill establishes a Transportation Block Grant Fund and appropriates to the fund amounts equal to the increase in revenues as a result of this bill. The funds must be used for making grants under the Surface Transportation Block Grant Program.

Sponsor: Sen. Sullivan, Dan [R-AK] (Introduced 05/16/2019) Cosponsors: (4) Committee: Environment and Public Works. To improve the processes by which environmental documents are prepared and permits and applications are processed and regulated by Federal departments and agencies, and for other purposes.

H.R.3134 — 116th Congress (2019-2020) To direct the Secretary of Transportation to assist States to rehabilitate or replace certain bridges, and for other purposes. Sponsor: Rep. Langevin, James R. [D-RI-2] (Introduced 06/05/2019) Cosponsors: (2) Committee: Transportation and Infrastructure. To direct the Secretary of Transportation to assist States to rehabilitate or replace certain bridges, and for other purposes.
Multi-State Medium- and Heavy-Duty Zero Emission Vehicle Memorandum of Understanding

WHEREAS, the Signatory States and the District of Columbia recognize the importance of state leadership and coordinated state action to ensure national progress in the effort to reduce greenhouse gas (GHG) emissions and stabilize global warming;

WHEREAS, the Signatory States have statutory obligations or otherwise seek to significantly reduce statewide GHG emissions by 2050, consistent with science-based targets;

WHEREAS, transportation is now the nation’s largest source of GHG emissions, and, after light-duty vehicles, medium- and heavy-duty trucks are the next largest source of transportation sector GHG emissions;

WHEREAS, the Signatory States have a statutory obligation to provide their citizens with air quality that complies with national health-based air quality standards, which are required to be protective of health and the environment with an adequate margin of safety;

WHEREAS, fossil fuel related emissions from medium- and heavy-duty vehicles (MHDVs) are a major source of nitrogen oxides (NOx), particulate matter, and toxic air emissions, which are preventing many densely populated areas from achieving compliance with federal ambient air quality standards;

WHEREAS, emissions from MHDVs are a widely acknowledged, but unaddressed, environmental justice problem that directly and disproportionately impacts disadvantaged communities located near freight corridors, ports and distribution centers;

1 Except where indicated otherwise, “Signatory States,” as used in this document, includes the District of Columbia.
WHEREAS, electrification\(^2\) of the transportation sector is essential to achieve the GHG emission reductions needed to avoid the worst effects of climate change, and in conjunction with the introduction of low-NOx heavy duty trucks, to reduce harmful emissions of NOx, particulate matter, and toxic air contaminants that adversely impact public health;

WHEREAS, many of the Signatory States have adopted California’s zero emission vehicle (ZEV) regulation and are signatories to a 2013 Governors’ ZEV memorandum of understanding by which the states committed to collaborative action to accelerate consumer adoption of light-duty electric vehicles through the formation of a Multi-State ZEV Task Force and the subsequent adoption and implementation of a ZEV Action Plan;

WHEREAS, the Signatory States are already implementing market-enabling initiatives to overcome barriers to consumer adoption of electric passenger cars and light-duty trucks ranging from financial incentives to strategic deployment of charging infrastructure to consumer outreach and education programs;

WHEREAS, similar strategies are needed to accelerate adoption of MHDVs as ZEV options for public transit buses and a growing number of high-mileage trucks and vans become commercially available;

WHEREAS, electrification of all classes of MHDVs will help to improve air quality, reduce the use of petroleum-based fuels in the transportation sector, lower total cost of ownership and offer commercial fleets lower and more stable energy prices; and

WHEREAS, investment in electrification of the MHDV sector will help to stimulate economic growth by creating new jobs in the electric vehicle and charging/fueling equipment manufacturing, supply chain and service sectors.

NOW THEREFORE, as Governors of the Signatory States and Mayor of the District of Columbia, through this memorandum of understanding (MOU), we express our mutual understanding and cooperative relationship as follows:

1. OVERALL COMMITMENT
The Signatory States agree to work together to foster a self-sustaining market for zero emission medium- and heavy-duty vehicles through the existing Multi-State ZEV Task Force, which will

\(^2\) Electric vehicle, as used in this document, means a battery electric (BEV), plug-in hybrid (PHEV), or fuel cell electric vehicle (FCEV).
serve as a forum for state coordination, collaboration and information sharing on market enabling
d-actions, research, and technology developments.

2. ACTION PLAN FOR ZERO EMISSION MHDVs
Within six months following execution of this MOU, the Task Force will develop a multi-state
action plan to identify barriers and propose solutions to support widespread electrification of
medium- and heavy-duty vehicles (Zero Emission Medium- and Heavy-Duty Vehicle Action
Plan). In developing the Action Plan, the Task Force shall give consideration, as appropriate, to
the need for:

- Financial vehicle and infrastructure incentives;
- Non-financial vehicle and infrastructure incentives;
- Actions to encourage public transit and public fleet zero emission MHDV deployment;
- Effective infrastructure deployment strategies;
- Funding sources and innovative financing models to support incentives and other market-
  enabling programs;
- Leveraging environmental and air quality benefits associated with adoption of the
  California Advanced Clean Trucks rule under Section 177 of the Clean Air Act;
- Coordinated outreach and education to public and private MHDV fleet managers;
- Utility actions to promote zero emission MHDVs, such as electric distribution system
  planning, beneficial rate design and investment in “make-ready” charging infrastructure;
- Measures to foster electric truck use in densely populated areas;
- Addressing vehicle weight restrictions that are barriers to zero emission MHDV
deployment;
- Uniform standards and data collection requirements; and
- Any other initiative the Task Force deems appropriate.

In developing the Action Plan, the Task Force shall consult with and solicit input from key
partners and stakeholders.

3. FOCUS ON DISADVANTAGED COMMUNITIES
The Signatory States will seek to accelerate the deployment of zero-emission medium- and
heavy-duty trucks and buses to benefit disadvantaged communities that have been historically
burdened with higher levels of air pollution.

4. MEASURABLE MHDV SALES TARGETS
The Signatory States agree to strive to make sales of all new medium- and heavy-duty vehicles in
our jurisdictions zero emission vehicles by no later than 2050. In order to ensure adequate
progress toward the 2050 goal, the Signatory States will strive to make at least 30 percent of all
new medium- and heavy-duty vehicle sales in our jurisdictions zero emission vehicles by no later than 2030. Each Signatory State will report, within its available capabilities and on a schedule agreed to by the States, medium- and heavy-duty vehicle registration data needed to track progress toward meeting these targets. In 2025, the Signatory States agree to assess progress toward meeting the 2030 and 2050 targets and determine whether an adjustment to the 2030 interim sales target is appropriate.

5. PUBLIC FLEET PURCHASES AND FUELING STATIONS
To lead by example, each Signatory State will progress toward electrification of its government and quasi-governmental agency fleets and explore opportunities for coordinated/aggregated vehicle and infrastructure procurement.

6. INTER-AGENCY COORDINATION WITHIN STATES
The Signatory States will seek to support and facilitate the successful commercialization of zero emission MHDVs and maximize the use of renewable energy for ZEV charging and hydrogen fueling through inter-agency consultation and coordination with state public utility commissions, and environmental, energy, planning and transportation agencies, as appropriate.

7. PARTNERSHIPS WITH KEY STAKEHOLDERS
The Signatory States will explore opportunities to cooperate, coordinate and partner, as appropriate, with truck manufacturers, charging and fueling providers, community and environmental advocates, utilities, corporate fleet owners, financial institutions, Clean Cities Coordinators, and others to accelerate electrification of the MHDV sector.

8. NO LEGAL OBLIGATIONS, RIGHTS OR REMEDIES
This MOU is a voluntary initiative. It does not create any legally binding rights or obligations and creates no legally cognizable or enforceable rights or remedies, legal or equitable, in any forum whatsoever. In addition, the pledges in this MOU are not conditioned upon reciprocal actions by other Signatory States; each Signatory State retains full discretion over implementation of its pledges in light of the Signatory State’s individual circumstances, laws, and policies; and each Signatory State is free to withdraw from the MOU.

9. ADDITIONAL PROVISIONS
   a. A Signatory State may terminate its participation in this MOU with a written statement to other Signatory States.
   b. Other states that commit to the conditions of this agreement may sign on to this MOU.
   c. This MOU may be amended in writing upon the collective agreement of the authorized representatives of the Signatory States.
[Signatures on following pages]
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 13th day of July 2020.

THE STATE OF CALIFORNIA

By: ________________________
Gavin Newsom
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this ___29 day of June 2020.

THE STATE OF COLORADO

By: _________________________
Jared Polis
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF CONNECTICUT

By: _________________________

Ned Lamont
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 8th day of July 2020.

THE DISTRICT OF COLUMBIA

By: Muriel Bowser
Mayor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF HAWAII

By: _________________________
David Ige
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF MAINE

By: _________________________
Janet Mills
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 13th day of July 2020.

THE STATE OF MARYLAND

By: ________________________________
Larry Hogan
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 8th day of July 2020.

THE STATE OF MASSACHUSETTS

By:

Charles D. Baker
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 30th day of June 2020.

THE STATE OF NEW JERSEY

By: _________________________
Phil Murphy
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 4th day of July 2020.

THE STATE OF NEW YORK

By:
Andrew Cuomo
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF NORTH CAROLINA

By: _________________________
Roy Cooper
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF OREGON

By: _________________________
Kate Brown
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF PENNSYLVANIA

By: ________________
    Tom Wolf
    Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF RHODE ISLAND

By: _________________________
Gina M. Raimondo
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF VERMONT

By: ___________________________
Phil Scott
Governor
This Multi-State Zero Emission Medium- and Heavy-Duty Vehicle Memorandum of Understanding signed as of this 10th day of July 2020.

THE STATE OF WASHINGTON

By: _________________________

Jay Inslee
Governor