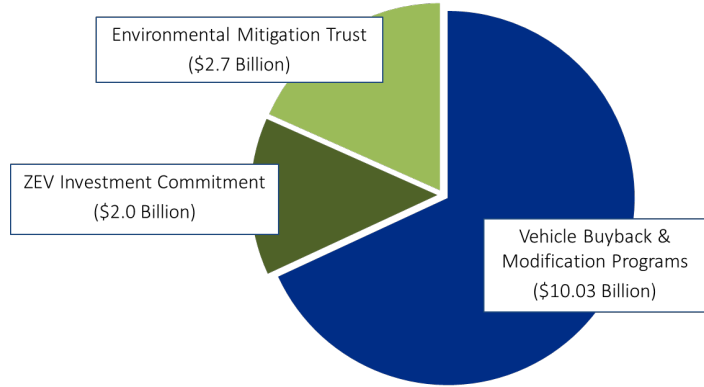




What is the VW Settlement?

For nearly 500,000 model 2009 – 2016 motor vehicles, Volkswagen knowingly incorporated cheating computer systems that run emissions controls during testing, but do not run during normal vehicle operation. ¹ In 2014, an independent research study revealed that the emissions from Volkswagen cars were 15 – 40 times above the U.S. EPA compliance level. ² In September 2015, the U.S. EPA filed a complaint against Volkswagen, ³ with other parties soon following suit.

Volkswagen agreed to settle by spending up to \$14.7 billion for remediation of NOx emissions. A majority of this money is going to vehicle buyback and modification programs (\$10.03 billion) for affected consumers. Consumers had until September, 2016 to identify as an “eligible owner” and therefore qualify for the vehicle buyback/modifications programs.



\$4.7 billion of this settlement money is going towards NOx reduction programs: the Environmental Mitigation Trust (\$2.7 billion) and the ZEV Investment Commitment (\$2.0 billion). The remediation programs to be funded by this money are still being planned. **Advocates have a great opportunity to influence these green transportation programs to 1) make sure their states apply for the funds; and 2) ensure that the funds are spent wisely.**

| | Environmental Mitigation Trust | ZEV Investment Commitment |
|----------------|--|--|
| Amount | \$2.7 Billion ➤ State specific allocations noted below in Table 1 | \$2.0 Billion ➤ \$1.2 billion to U.S. ➤ \$800 million to California |
| Purpose | Support programs and actions that reduce NOx emissions | Support programs and actions that increase the use of zero emission vehicle (ZEV) technology in the U.S. |
| Plan Developer | States’ designated agent/ beneficiary, such as Dept of Environmental Protection (with input from the public) | Volkswagen (with input from states) |
| Administrator | Trustee & States’ designated agent/beneficiary, such as a Dept of Environmental Protection | U.S. EPA & California Air Resources Board |



VW Settlement and Action Timelines

The VW Settlement Agreement, approved in June, 2016, is expected to be finalized mid-October. Once finalized, the “Effective Date,” or “ED,” will begin the process of creating an Environmental Mitigation Trust. Once the Trust is approved, the date of approval is the “Trust Effective Date,” or “TED,” which will determine the deadlines by which states must act.

Note: States only have 60 days from the “Trust Effective Date” to submit their beneficiary certification, and states have only 30 days from when the Trustee approves the state’s beneficiaries to submit their Beneficiary Mitigation Plan. **It will be critical to engage your state starting immediately since these events may move quickly.**

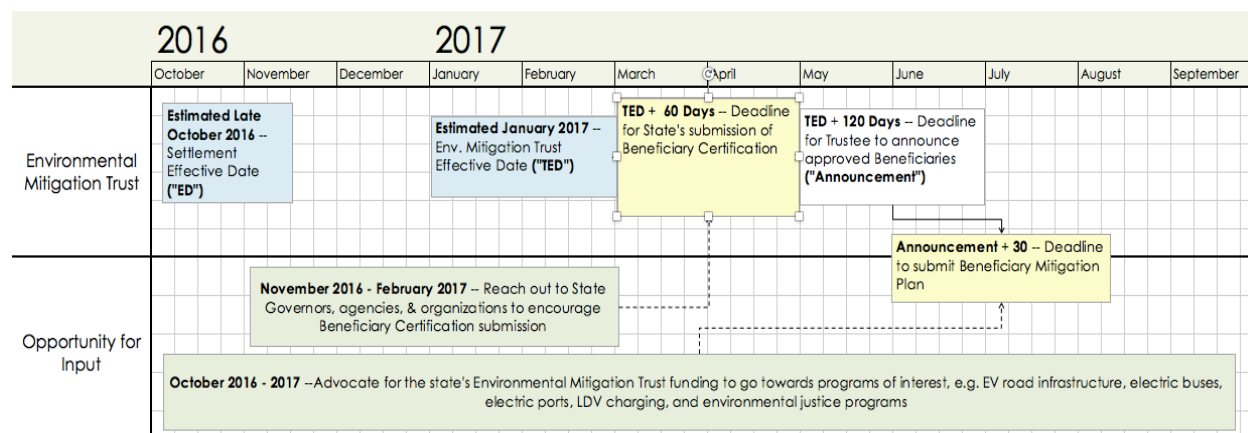
¹ <https://www.epa.gov/vw/all-30-liter-diesel-engine-vehicles-affected>

² Thompson, G., et al. (2015) *In-Use Emissions Testing of Light-Duty Diesel Vehicles in the United States*. Center for Alternative Fuels, Engines & Emissions West Virginia University.

³ <https://www.epa.gov/sites/production/files/2015-10/documents/vw-nov-caa-09-18-15.pdf>

How can the Environmental Mitigation Trust be spent?

- Zero emissions vehicle supply equipment: up to 15% on acquisition, installation, operation and maintenance of new light duty EV charging stations.
- School Buses, Shuttle Buses, or Transit Buses: Eligible buses may be repowered with new diesel, alternative fuel (CNG, propane, hybrid), or an all-electric engine. *Sierra Club note: We want to advocate for the funds to be spent only on all-electric or hydrogen fuel cell buses, NOT new-diesel, CNG, propane, or hybrid buses.*



Environmental Mitigation Trust Fund Allocation by State

| | | | | | |
|----------------------|------------------|----------------|------------------|-------------------|------------------|
| Alabama | \$24,084,726.84 | Maine | \$20,256,436.17 | Pennsylvania | \$110,740,310.73 |
| Alaska | \$7,500,000.00 | Maryland | \$71,045,824.78 | Puerto Rico | \$7,500,000.00 |
| Arizona | \$53,013,861.68 | Massachusetts | \$69,074,007.92 | Rhode Island | \$13,495,136.57 |
| Arkansas | \$13,951,016.23 | Michigan | \$60,329,906.41 | South Carolina | \$31,636,950.19 |
| California | \$381,280,175.09 | Minnesota | \$43,638,119.67 | South Dakota | \$7,500,000.00 |
| Colorado | \$61,307,576.05 | Mississippi | \$9,249,413.91 | Tennessee | \$42,407,793.83 |
| Connecticut | \$51,635,237.63 | Missouri | \$39,084,815.55 | Texas | \$191,941,816.23 |
| Delaware | \$9,051,682.97 | Montana | \$11,600,215.07 | Utah | \$32,356,471.11 |
| District of Columbia | \$7,500,000.00 | Nebraska | \$11,528,812.23 | Vermont | \$17,801,277.01 |
| Florida | \$152,379,150.91 | Nevada | \$22,255,715.66 | Virginia | \$87,589,313.32 |
| Georgia | \$58,105,433.35 | New Hampshire | \$29,544,297.76 | Washington | \$103,957,041.03 |
| Hawaii | \$7,500,000.00 | New Jersey | \$65,328,105.14 | West Virginia | \$11,506,842.13 |
| Idaho | \$16,246,892.13 | New Mexico | \$16,900,502.73 | Wisconsin | \$63,554,019.22 |
| Illinois | \$97,701,053.83 | New York | \$117,402,744.86 | Wyoming | \$7,500,000.00 |
| Indiana | \$38,920,039.77 | North Carolina | \$87,177,373.87 | Tribal Admin Cost | \$993,057.15 |
| Iowa | \$20,179,540.80 | North Dakota | \$7,500,000.00 | Tribal Allocation | \$49,652,857.71 |
| Kansas | \$14,791,372.72 | Ohio | \$71,419,316.56 | Trust Admin Cost | \$27,000,000.00 |
| Kentucky | \$19,048,080.43 | Oklahoma | \$19,086,528.11 | | |
| Louisiana | \$18,009,993.00 | Oregon | \$68,239,143.96 | | |