

### VEHICLE EMISSIONS INSPECTION PROGRAM ENHANCEMENTS

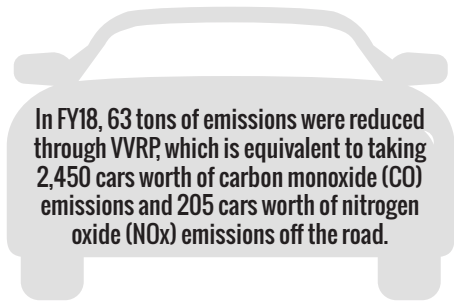
Federal law requires monitoring of vehicle emissions in areas not meeting air quality standards for ozone and other pollutants. The federal Clean Air Act (CAA) outlines a four-point strategy to reduce emissions through cleaner vehicles, cleaner fuels, clean transportation alternatives and monitoring and maintenance programs, including Arizona's Vehicle Emissions Inspection Program (VEIP). The goal is to improve air quality by reducing the release of contaminants such as hydrocarbons and nitrogen oxides, which contribute to the formation of ozone.

VEIP prevents an estimated annual release of over **20,000 tons** of contaminants that create ozone.

In Arizona, 1.6 million vehicles traveling regularly in the Phoenix and Tucson metropolitan areas are subject to monitoring requirements through VEIP. VEIP is federally mandated when an area fails to meet an air quality standard. The state is then required to implement emissions control measures that can result in significant negative economic impacts for businesses (Table 1). The program is also critically important to improving air quality for the majority of people living in Arizona.

ADEQ is working hard to maximize the environmental benefits of this program, while also driving down the cost and time motorists must invest to comply with the law. To achieve this outcome, ADEQ has implemented a number of process improvements:

1. Since 2014, ADEQ reduced fees, saving motorists over \$47 million.
2. After data analysis indicted the #1 reason for failing an emissions test was a faulty gas cap, motorists are now provided with free gas caps (at no additional expense to the state) while at the testing facility, eliminating the need to leave, purchase a new gas cap and return to the station for re-testing. About 40,000 gas caps are distributed each year to vehicle owners.
3. In FY18, ADEQ reinstated the Voluntary Vehicle Repair Program (VVRP) by working with Maricopa and Pima Counties. VVRP offsets the cost of repairs when a vehicle fails an emissions test.



### What's Next for VEIP?

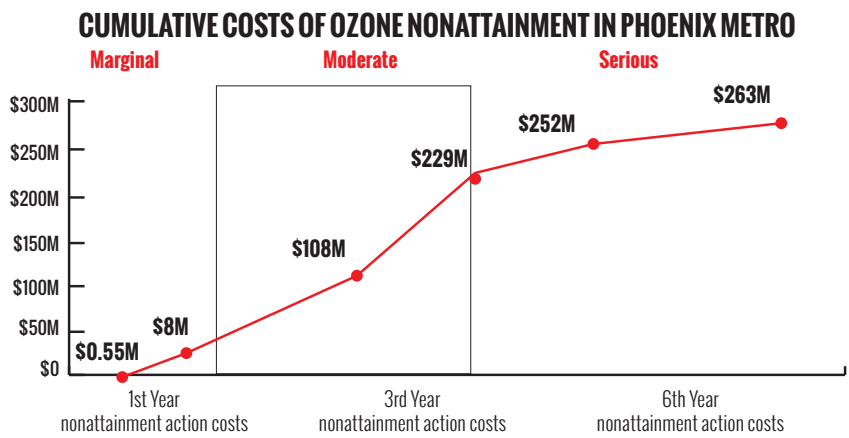
ADEQ continues to explore ways to improve environmental and customer outcomes and is proposing to amend statute to allow ADEQ to:

- **Conduct a pilot project to evaluate emerging technologies that will allow vehicle emissions test data collection and transmittal without the need for motorists to visit a VEI station**, such as a smart-phone application or other similar remote data collection and submittal method. This could reduce time and cost incurred by vehicle owners currently required to visit a VEI station for testing.
- **If successful, expand the pilot over time to fully deploy.**
- **Eliminate the mandate to enter into VEIP administration contracts for a minimum of 5 years.** Contracts for the management and operation of VEI stations are the largest contracts entered into by ADEQ and currently must be a minimum of 5 years in duration. Additional flexibility in contract duration will expedite ADEQ's ability to evaluate and adopt new technologies as they become available, and it is anticipated that shorter contracts and increased use of electronic reporting technologies will reduce the need for and cost of VEI stations in the future.

Impacted Statutes: ARS §49-542 and 49-545

HB2452, Sponsor: Representative Griffin

Table 1



## UNDERGROUND STORAGE TANK (UST) PROGRAM ENHANCEMENTS

Legislation enacted in 2015 significantly modified and expanded the ways in which environmental hazards created by USTs can be mitigated. Specifically, HB 2636 enhanced UST owner, UST operator and UST property owner eligibility for reimbursement of some costs associated with tank removals, tank upgrades and cleanup of releases. The bill also enhanced ADEQ's ability to address hazards associated with USTs, including removal of tanks and cleanup at properties where the party responsible for the contamination is unable to conduct the work. Although the amendments contained in HB 2636 have proven effective in preventing future releases and identifying and cleaning up existing releases from USTs, ADEQ is seeking an additional minor amendment to address inconsistencies and limitations identified since enactment of the 2015 legislation:

## UST Tank Site Improvement Program (TSIP) Equity

Under the current TSIP a \$100,000 financial inequity exists between UST owners and operators that chose to conduct UST removals, release confirmations and baseline site assessments themselves and UST owners and operators that voluntarily choose to have these same activities conducted by ADEQ. ADEQ proposes to eliminate this inequity by increasing reimbursement eligibility by \$100,000 for UST owners and operators that conduct the work themselves. ADEQ also proposes to clarify that the funding for these activities is reimbursement for work conducted and not a grant. This amendment will align TSIP with the other existing reimbursement options in the UST Program.

Impacted Statute: ARS §49-1071

HB2448, Sponsor: Representative Griffin

## WATER QUALITY ASSURANCE REVOLVING FUND SUSTAINABLE FUNDING

Created in 1986, the Water Quality Assurance Revolving Fund (WQARF) program enables ADEQ to identify, prioritize, assess and clean up hazardous wastes that have been released into soil, surface water and groundwater throughout the state. ADEQ is currently managing 36 sites at which over 2.9 billion gallons of water were treated during fiscal year 2018 alone.

Arizona's program is one of only three programs throughout the country that utilizes a "proportionate share" liability scheme, meaning that businesses are required to pay for only the portion of a site cleanup to which they contributed. Arizona's model is much more equitable for businesses than most other states and the federal government, but also results in a significant "orphan share" of cleanup costs that must be paid from another source.

Despite the program's importance, funding remains a major challenge. Although statute mandates \$15 million from Corporate Income Tax (CIT) revenue to be transferred to WQARF annually, funding has decreased over the last decade to \$0 in FY19. ADEQ is working to identify a permanent source of funding for this program critical to protecting and enhancing Arizona's water, and protecting residents from exposure to hazardous wastes.

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