

State of Utah
Administrative Rule Analysis
 Revised June 2022

NOTICE OF PROPOSED RULE		
TYPE OF RULE: New ___; Amendment _x_ ; Repeal ___; Repeal and Reenact ___		
Title No. - Rule No. - Section No.		
Rule or Section Number:	R307-123	Filing ID: Office Use Only

Agency Information

1. Department:	Environmental Quality	
Agency:	Air Quality	
Room number:		
Building:	MASOB	
Street address:	195 N. 1950 W.	
City, state and zip:	Salt Lake City, Utah 84116	
Mailing address:	P.O. Box 144820	
City, state and zip:	Salt Lake City, Utah 84114-4820	
Contact persons:		
Name:	Phone:	Email:
Bo Wood	385-499-3416	rwood@utah.gov
Please address questions regarding information on this notice to the agency.		

General Information

2. Rule or section catchline:
R307-123. General Requirements: Clean Fuels and Vehicle Technology Grant and Loan Program
3. Purpose of the new rule or reason for the change (Why is the agency submitting this filing?):
Changes to Sections 19-1-402, 19-1-403, and 19-1-404, passed during the 2022 General Session as SB188, expand and rename the Clean Fuels and Vehicle Technology Program to be the Clean Fuels and Emission Reduction Technology Program. These changes require the department to amend existing programs that incentivize, through grants and loans, the purchase of clean vehicles, conversions to clean vehicles, and the purchase of clean vehicle refueling equipment. They also require the department to develop processes for implementing a new grant program to incentivize home energy efficiency improvements. These changes and new provisions make it necessary to amend this rule.
4. Summary of the new rule or change (What does this filing do? If this is a repeal and reenact, explain the substantive differences between the repealed rule and the reenacted rule):
These changes clarify eligibility requirements and procedures for receiving grants or loans under the provisions of Sections 19-1-403. It removes provisions associated with retrofitted vehicles and equipment and clarifies the eligibility of converted clean vehicles to include renewable natural gas and hydrogen.

Fiscal Information

5. Provide an estimate and written explanation of the aggregate anticipated cost or savings to:
A) State budget:
The fiscal impact of these changes on the state budget is unknown. The statute allows the fund to receive and distribute monies from federal, nonprofit, and private sources, but does not appropriate funds from the state budget. Many potential sources of funding require grant applications that could provide significant revenue to the state, but depend on many factors that cannot be accurately estimated at this time.
B) Local governments:
These changes will have no impact on local governments because it does not apply to them.
C) Small businesses ("small business" means a business employing 1-49 persons):
The fiscal impact of this rule on small businesses is unknown because the program has not been funded. The rule establishes the requirements and processes that would be used to determine eligibility for the program in the event that it receives funding.
D) Non-small businesses ("non-small business" means a business employing 50 or more persons):

The fiscal impact of this rule on non-small businesses is unknown because the program has not been funded. The rule establishes the requirements and processes that would be used to determine eligibility for the program in the event that it receives funding.

E) Persons other than small businesses, non-small businesses, state, or local government entities ("person" means any individual, partnership, corporation, association, governmental entity, or public or private organization of any character other than an **agency**):

The fiscal impact of this rule on persons other than small businesses, non-small businesses, state, or local governments is unknown because the program has not been funded. The rule establishes the requirements and processes that would be used to determine eligibility for the program in the event that it receives funding.

F) Compliance costs for affected persons (How much will it cost an impacted entity to adhere to this rule or its changes?):

No compliance costs are associated with this rule.

G) Regulatory Impact Summary Table (This table only includes fiscal impacts that could be measured. If there are inestimable fiscal impacts, they will not be included in this table. Inestimable impacts will be included in narratives above.)

Regulatory Impact Table			
Fiscal Cost	FY2023	FY2024	FY2025
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Cost	\$0	\$0	\$0
Fiscal Benefits	FY2023	FY2024	FY2025
State Government	\$0	\$0	\$0
Local Governments	\$0	\$0	\$0
Small Businesses	\$0	\$0	\$0
Non-Small Businesses	\$0	\$0	\$0
Other Persons	\$0	\$0	\$0
Total Fiscal Benefits	\$0	\$0	\$0
Net Fiscal Benefits	\$0	\$0	\$0

H) Department head comments on fiscal impact and approval of regulatory impact analysis:

The _____ of _____, _____, has reviewed and approved this regulatory impact analysis.

Citation Information

6. Provide citations to the statutory authority for the rule. If there is also a federal requirement for the rule, provide a citation to that requirement:

Section 19-1-403	Ex 2: Subsection 63G-3-403(3)	

Incorporations by Reference Information

7. Incorporations by Reference (if this rule incorporates more than two items by reference, please include additional tables):

A) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	
Publisher	
Issue Date	
Issue or Version	

B) This rule adds, updates, or removes the following title of materials incorporated by references (a copy of materials incorporated by reference must be submitted to the Office of Administrative Rules; *if none, leave blank*):

Official Title of Materials Incorporated (from title page)	
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Publisher	
Issue Date	
Issue or Version	

Public Notice Information

8. The public may submit written or oral comments to the agency identified in box 1. (The public may also request a hearing by submitting a written request to the agency. See Section 63G-3-302 and Rule R15-1 for more information.)		
A) Comments will be accepted until:	12/30/2022	
B) A public hearing (optional) will be held:		
On (mm/dd/yyyy):	At (hh:mm AM/PM):	At (place):
12/28/2022	10:00am	Video call link: https://meet.google.com/mcq-cgpj-ekq Or dial: (US) +1 650-684-8323 PIN: 322 687 950#

9. This rule change MAY become effective on:	02/02/2023
NOTE: The date above is the date the agency anticipates making the rule or its changes effective. It is NOT the effective date.	

Agency Authorization Information

To the agency: Information requested on this form is required by Sections 63G-3-301, 302, 303, and 402. Incomplete forms will be returned to the agency for completion, possibly delaying publication in the <i>Utah State Bulletin</i> and delaying the first possible effective date.			
Agency head or designee and title:	Bryce C. Bird, Director	Date:	11/02/2022

R307. Environmental Quality, Air Quality.

R307-123. General Requirements: Clean Fuels and [Vehicle] Emission Reduction Technology [Grant and Loan] Program.

R307-123-1. Authorization and Purpose.

(1) This rule is authorized by Section 19-1-405, which establishes criteria ~~and definitions~~ used to determine eligibility for use of the Clean Fuels and [Vehicle]Emission Reduction Technology Fund created in Section 19-1-403.

(2) Rule R307-123 establishes eligibility requirements and procedures to provide documentation ~~[proof of purchase to the Board]~~ regarding grants or loans made with monies from the fund allowed under Subsection 19-1-403(3)(a) for:

- ~~_____ (a) the purchase of an OEM clean vehicle;[;] or~~
- ~~_____ (b) the conversion [-or retrofit-]of a vehicle to a clean vehicle.[for which a grant or loan made with the monies available in the [F]fund is allowed under Subsection 19-1-403([2]3)(a).]~~

(3) Eligible technologies are required to meet the criteria and follow the procedures established in Rule R305-4.

R307-123-2. Definitions.

Definitions. The following additional definitions apply to Rule R307-123.

"Certified by the director" means ~~that:~~

~~_____ (1) A]a motor vehicle on which conversion equipment has been installed that meets the criteria in Subsection 19-1-405(1)(a) and demonstrates a reduction in emissions as defined in Subsection 19-1-405(2)[;]or~~

~~_____ (2) A motor vehicle on which a retrofit has been installed meets the following criteria:~~

~~_____ (a) the motor vehicle's emissions of regulated pollutants, when operating with the retrofit equipment, is less than the emissions were before the installation of the retrofit equipment; and~~

~~_____ (b) a reduction in emissions under Subsection R307-123-2(2)(a)is demonstrated by:~~

~~_____ (i) certification of the retrofit by the federal EPA or by a state whose certification standards are recognized by the Board; or~~

~~_____ (ii) any other test or standard recognized by the Board.]~~

"Clean fuel" means clean fuel as defined in Subsection 19-1-402([1]2).

"Clean [fuel]vehicle" means clean [fuel]vehicle as defined in Subsection 19-1-402([2]3)([b]).

"Conversion equipment" means a package which may include fuel, ignition, emissions control, and engine components that are modified, removed, or added to a motor vehicle or special mobile equipment to make that vehicle or equipment eligible.

"Fund" means fund as defined in Subsection 19-1-402(8).

"Manufacturer's Statement of Origin" means a certificate showing the original transfer of a new motor vehicle from the manufacturer to the original purchaser.

"Original equipment manufacturer (OEM) vehicle" means OEM vehicle as defined in Subsection 19-1-402([8]12).

~~["Retrofit" means retrofit as defined in Subsection 19-1-402(11). "Retrofit equipment" means a diesel oxidation catalyst, a diesel particulate filter, or a closed crankcase filtration system, that has been approved for use in engine retrofit programs by the federal EPA or by a state whose testing protocols are recognized by the Board.]~~

R307-123-3. Demonstration of Eligibility for OEM Clean Vehicles.

To demonstrate that a vehicle is eligible, proof of purchase shall be made by submitting the following documentation to the director:

- (1)(a) A copy of the Manufacturer's Statement of Origin or equivalent manufacturer's documentation showing that the vehicle is an OEM vehicle; or
- (b) a signed statement by an Automotive Service Excellence (ASE) certified technician that includes the vehicle identification number (VIN) and states that the vehicle is an OEM vehicle;
- (2) An original or copy of the purchase order, customer invoice, or receipt including the VIN; and
- (3) A copy of the current Utah vehicle registration.

R307-123-4. Demonstration of Eligibility for Vehicles Converted to Natural Gas, Renewable Natural Gas, Hydrogen, or Propane.

To demonstrate that a ~~[conversion of a]~~ motor vehicle converted to be fueled by natural gas, renewable natural gas, hydrogen, or propane is eligible, proof of purchase shall be made by submitting the following documentation to the director:

- (1) the VIN;
- (2) the fuel type before conversion;
- (3) the fuel type after conversion;
- (4)(a) a copy of the vehicle inspection report from an approved county inspection and maintenance station showing that the converted motor vehicle meets all county emissions requirements for all installed fuel systems if the motor vehicle is registered within a county with an inspection and maintenance (I/M) program; or
- (b) in all other areas of the state, a signed statement by an ASE-[-]certified technician that includes the VIN and states that the conversion is functional;
- (5) each of the following:
 - (a) the conversion equipment manufacturer,
 - (b) the conversion equipment model number,
 - (c) the date of the conversion, and
 - (d) the name, address, and phone number of the person that converted the vehicle;
- (6) the EPA Certificate of Conformity[+] or equivalent documentation that is consistent with requirements outlined in 40 CFR Part 85 and 40 CFR Part 86, as published in Federal Register Volume 76 Page 19,830 on April 8, 2011, or an executive order from the California Air Resources Board;
- (7) an original or copy of the purchase order, customer invoice, or receipt; and
- (8) a copy of the current Utah vehicle registration[~~-, which shows~~] showing that the vehicle is registered in the applicant's name.

R307-123-5. Demonstration of Eligibility for Vehicles Converted to Electricity.

To demonstrate that a ~~[conversion of a]~~ motor vehicle converted to be powered by electricity is eligible, proof of purchase shall be made by submitting the following documentation to the director:

- (1) the VIN;
- (2) the fuel type before conversion;
- (3) the fuel type after conversion;
- (4) each of the following:
 - (a) the conversion equipment manufacturer;
 - (b) the conversion equipment model number;
 - (c) the date of the conversion; and
 - (d) the name, address, and phone number of the person that converted the motor vehicle;
- (5) an original or copy of the purchase order, customer invoice, or receipt;
- (6) a copy of the current Utah vehicle registration; and
- (7) a signed statement by an ASE-certified technician that includes the VIN, the technician's ASE certification number, and states that the conversion is functional and that the converted motor vehicle does not have any auxiliary source of combustion emissions.

~~**R307-123-6. Demonstration of Eligibility for Retrofitted Vehicles.**~~

~~To demonstrate that a retrofit of a motor vehicle is eligible, proof of purchase shall be made by submitting the following documentation to the director:~~

- ~~(1) the VIN;~~
- ~~(2) each of the following:~~
 - ~~(a) the retrofit type;~~
 - ~~(b) the retrofit equipment manufacturer;~~
 - ~~(c) the retrofit equipment model number;~~
 - ~~(d) the date of the retrofit; and~~

- _____ (e) the name, address, and phone number of the person that retrofitted the vehicle;
- _____ (3) proof that the retrofit is certified by the director;
- _____ (4) proof that the vehicle condition prior to retrofit is compliant with the retrofit's certification criteria;
- _____ (5) an original or copy of the purchase order, customer invoice, or receipt; and
- _____ (6) a copy of the current Utah vehicle registration.

~~R307-123-7. Applicability.~~

_____ Provisions found in sections ~~R307-121-5(6) and R307-121-6(3)(c)~~ shall apply to all conversions as of ~~April 8, 2011.~~]

KEY: air pollution, alternative fuels, grants and loans, motor vehicles

Date of Enactment or Last Substantive Amendment: [~~December 5, 2013~~]

Notice of Continuation: March 8, 2018

Authorizing, and Implemented or Interpreted Law: 19-2-104; 19-1-40[~~1~~]2 through 19-1-404[; ~~59-7-605; 59-10-1009~~]