

## State of Vermont - Volkswagen Settlements

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February 2019

**Background:** In 2015 Volkswagen (VW) admitted to intentionally engineering and building certain diesel passenger cars to violate emission standards in the Clean Air Act and Vermont state law. VW subsequently entered into three settlements that provide relief to Vermont and Vermont consumers. Vermont was a party to two of these settlements and is a beneficiary of a Trust that was created as a part of a larger settlement. Each settlement is described in more detail below.

- 1) **\$4.2M VW Multistate Settlement (environmental relief):** Vermont entered into a settlement agreement with VW over violations of Vermont state environmental laws that prohibit the installation of defeat devices in vehicles. These funds were received by the general fund, and the language below authorized the placement and use of those funds in the FY18 Budget Bill. ~\$3.2M were deposited into the Environmental Contingency Fund (ECF) while \$1M was transferred to the general fund as instructed by the language authorized under Sec. C.102 (a) of [Act 85 of 2017](#) (the FY 2018 Budget Bill). These funds were legislatively authorized to be directed specifically to the ECF for two main purposes: 1) as an attempt to help temporarily address the long term funding needs within the ECF that we've been testifying about over the last several years; and 2) for any immediate financial needs involving the investigation and remediation of the release of perfluorooctanoic acid (PFOA) in the Town of Bennington and Village of North Bennington while we worked to seek cost recovery from potential responsible parties.

### [Act 85 of 2017 \(FY18 Budget Bill\)](#)-

#### Sec. C.102 VOLKSWAGEN SETTLEMENT

- (a) The estimated \$4,242,401 multistate settlement from Volkswagen to be received by the State of Vermont in fiscal year 2017 or fiscal year 2018 shall be deposited into the Environmental Contingency Fund (fund 21275). In fiscal year 2018, \$1,000,000 shall be transferred to the General Fund, and the balance shall remain in the Environmental Contingency Fund (fund 21275).
- 2) **\$18.7M VW Environmental Mitigation Trust (environmental relief):** Vermont is a beneficiary of the VW Environmental Mitigation Trust, which was created under the partial settlement between the United States and VW. Vermont was not a *party* to this settlement but is simply a *beneficiary* of the Trust Fund created as a part of the settlement. Vermont's allocation of the Trust is \$18.7 million and the Mitigation Trust Agreement controls how beneficiaries may spend their Trust allocation. Eligible Project categories are narrow in scope, but generally allow for the replacement or repower of eligible diesel trucks, buses, rail freight switchers, forklifts, and passenger ferries. Beneficiaries are also allowed to spend up to 15% of their allocation on light-duty electric vehicle charging infrastructure. In 2017, the Governor's office certified ANR as the lead state agency beneficiary of the Trust.

Sec. B. 710 in [Act 11 of Special Session 2018](#) (the FY19 Budget Bill) appropriated \$1.8M (10%) of the \$18.7M Mitigation Trust Funds to be used in part as outlined in Sec. E. 700 of [Act 11 of Special Session 2018](#). In particular, Subsection (b)(1) of Sec. E.700 of Act 11 of 2018 designates that at least 15% of the Volkswagen Environmental Mitigation Trust funds be used for the purchase of light duty electric vehicle supply equipment (EVSE) and associated allowable administrative costs. Subsection (b)(2) of the language specifies that the remainder of the funds be used for the replacement of diesel mobile sources with electric mobile sources and associated allowable administrative costs.

As indicated in the State's Beneficiary Mitigation Plan, the Agency of Natural Resources intends to spend the maximum 15% allowable under the VW settlement for EVSE. The total settlement was \$18.7 million to be spent over the course of 10 years. In FY 2019 the Legislature appropriated \$1.8 million to the ANR/DEC and at least 15% of this appropriation, \$270,000, is to be used to purchase EVSE. The ANR/DEC requested the appropriation in FY 2019 of \$1.8 million because they have 10 years to spend the full \$18.7 million and many of the programs will take some time to come together. ANR, with other partner agencies is currently implementing a program to fund EVSE with at least the \$270,000 in FY 2019.

- 3) **\$6.5M VT Attorney General's Office VW Consumer Protection Settlement:** Vermont received this settlement from VW for violations of Vermont consumer protection laws. \$2.9M is being directed to restitution for consumers who purchased the affected VW vehicles and \$3.6M was transferred to the General Fund in Act 11 of Special Session 2018.