

VOLKSWAGEN SETTLEMENTS SUMMARY

Vermont Attorney General's Office – February 25, 2019

Two State Settlements by the Vermont Attorney General's Office

- A. Environmental Protection Settlement: for harm to the environment caused by Volkswagen auto group vehicles fitted with “defeat devices” used to conceal the release of large amounts of harmful pollutants (nitrogen oxides, known as NOX) and circumvent air pollution control laws
 - i. Total payment to the State of Vermont = \$4.2 million
 - a. All monies deposited to the General Fund
 - b. Use of monies not dictated by the terms of the settlement (i.e. “no strings attached” on use of money)
 - ii. Settlement monies were received by the State on November 9, 2017
 - iii. Appropriated in 2018 Budget (Act 87, Section C.102, see attached)

- B. Consumer Protection Settlement: for the marketing of Volkswagen auto group vehicles fitted with the “defeat devices” as environmentally friendly, “clean” and “green”
 - i. Total payment to the State of Vermont = \$6.5 million (Restitution \$ + Penalty \$)
 - a. Restitution to Vermont Consumers = \$2.9 million¹
 - b. Penalty payment to State of Vermont = \$3.6 million
 - c. Penalty monies deposited to the General Fund²
 - d. Use of penalty monies deposited to General Fund not dictated by the terms of the settlement (i.e. “no strings attached” on use of money)
 - ii. Settlement monies received by the State on July 9, 2018

Federal Volkswagen Environmental Mitigation Trust Fund

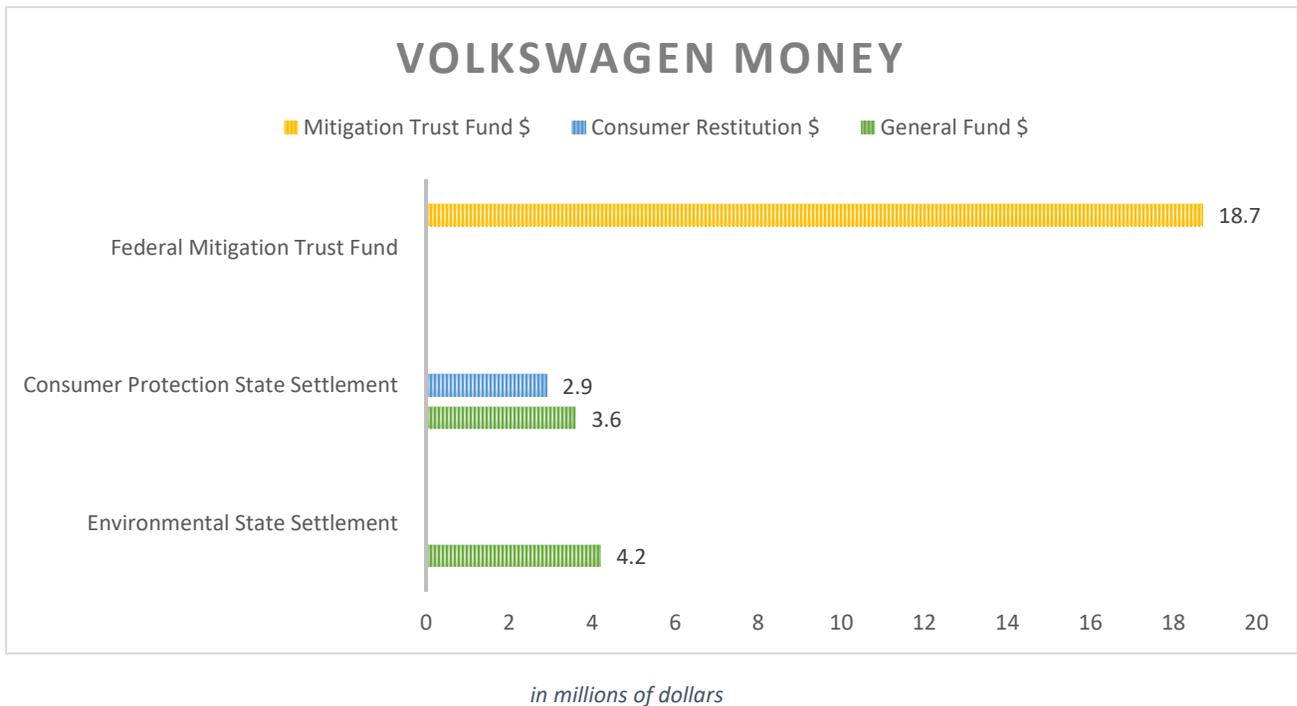
In October of 2016, the federal court in the Northern District of California approved a partial settlement between the U.S. Department of Justice and Volkswagen Auto Group for violations of the Clean Air Act by selling 2.0 liter diesel engines equipped with “defeat devices.” The partial settlement and Consent Decree require Volkswagen to (1) buy back or modify emission controls on at least 85% of the affected vehicles; (2) invest \$2 billion to promote the use of zero emission vehicles and infrastructure; and (3) **establish and fund a \$2.7 billion environmental mitigation trust fund**. A subsequent settlement in December of 2016 addressed claims relating to the sale of 3.0 liter diesel engines and added an additional \$225 million to the environmental mitigation trust fund.

- A. Vermont is a beneficiary of this settlement, though it was not a party to this settlement
- B. Vermont's allocation of the environmental mitigation trust is \$18.7 million

¹ Eligible consumers, i.e. affected vehicle owners, have until March 14th to submit claims for restitution payments

² Pursuant to 3 V.S.A. § 167, revenue from *all* Consumer Protection Settlements flows through a special fund to maintain a minimum balance available to the Attorney General that is used to meet the Attorney General's budget (as appropriated). The revenues from the consumer settlements are comingled in the special fund and then flow through to the General Fund.

- C. Use of the environmental mitigation trust fund money is dictated by the terms of the federal settlements and the fund monies must be used to support environmental programs that reduce NOx emissions
- D. Vermont submitted a Beneficiary Mitigation Plan to the Trustee on May 29, 2018 through its Agency of Natural Resources (ANR). The three goals of Vermont’s plan are: (1) to reduce NOx emissions from mobile sources; (2) to demonstrate the feasibility of all-electric or other NOx mitigation alternatively fueled heavy-duty and transit vehicles; and (3) to maximize public and private investment in electric vehicle charging infrastructure
- E. ANR sought public input as it drafted the Beneficiary Mitigation Plan
- F. Beneficiaries of the environmental mitigation trust have 10 years to request their allocation and implement mitigation actions
- G. **ANR has a comprehensive website on the federal settlement with Volkswagen, the environmental mitigation trust, and the Beneficiary Mitigation Plan:**
<https://dec.vermont.gov/air-quality/vw>



Committee does not reject such certification.

(3) The following amounts shall be transferred from the General Fund to the funds indicated:

21275 Environmental Contingency Fund ~~500,000.00~~

21555 Emergency Relief and Assistance Fund ~~1,176,226.00~~ 2,632,014.00

59500 Single Audit Revolving Fund 196,169.00

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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).

(b) Notwithstanding the \$100,000 minimum balance required by 10 V.S.A. § 1283(b), in fiscal year 2018 the Secretary of Natural Resources may expend funds up to \$3,242,000 in anticipation of the receipts from the Volkswagen Settlement.

Sec. C.103 2017 Acts and Resolves No. 3, Sec. 62 is amended to read:

Sec. 62. EXPENDITURE OF HUMAN SERVICES CASELOAD
MANAGEMENT RESERVE

~~(a) In fiscal year 2017, \$3,738,117 from the General Fund is appropriated to the Commissioner of Finance and Management for transfer to the Agency of~~