

**RESOLUTION OF VOLKSWAGEN NO<sub>x</sub> MITIGATION FUND PROJECTS IN TEXAS  
FOR GOVERNOR GREG ABBOTT**

**WHEREAS**, the EPA has resolved a civil enforcement case against Volkswagen AG, Audi AG, Dr. Ing. h.c. F. Porsche AG, Volkswagen Group of America, Inc., Volkswagen Group of America Chattanooga Operations, LLC, and Porsche Cars North America, Inc. (collectively “Volkswagen”) that includes a \$2.925 billion Environmental Mitigation Trust Agreement to mitigate the irreparable harm from excess emissions of nitrogen oxides that occurred due to the deliberate installation of emissions control defeat devices;

**WHEREAS**, the number of non-compliant Volkswagen engines sold in Texas was the second highest in the nation at 40,444, causing these vehicles to emit up to 40 times the EPA-compliant level throughout Texas;

**WHEREAS**, the allocation of funding from this trust agreement for Texas is approximately \$192 million (2.0 Liter Engine Consent Decree) and \$17 million (3.0 Liter Engine Consent Decree);

**WHEREAS**, air quality impacts public health as well as the economic health of Texas, making compliance with the Federal Clean Air Act essential to Texas’ long-term growth and prosperity, given the integrated nature of the Texas economy; and

**WHEREAS**, the Texas Clean Air Working Group is an alliance of local governments, business groups and environmental organizations committed to serve as a resource and as an advocate for prudent and effectively stated policies that will assist affected nonattainment and near-nonattainment communities in meeting their clean air goals;

**NOW THEREFORE BE IT RESOLVED** by the Texas Clean Air Working Group to recommend that Governor Abbott take the following actions regarding the Volkswagen Environmental Mitigation Trust Agreement to improve Texas air quality, enhance public health, and protect economic prosperity:

1. **Accept Texas’ share of the Volkswagen Environmental Mitigation Trust funding for each Consent Decree (approximately \$192M for 2.0 Liter and \$17M for 3.0 Liter Engine Consent Decrees), as Beneficiary**, to mitigate for the excess NO<sub>x</sub> emissions from the 40,444 non-compliant vehicles;
2. Because of the agency’s experience managing other settlement funding (e.g., RESTORE) and other programs focused on improving air quality through emissions reduction (e.g., Texas Emissions Reduction Plan), **designate the Texas Commission on Environmental Quality (TCEQ) as the Lead Agency** for the State of Texas;

3. **Allocate funding such that mitigation funding be directed to each state planning region in proportion to each planning region's share of non-compliant vehicles** (see attachment);
4. **Direct that the mitigation plan submitted to the Trustee provide for requests for the maximum payout of Texas' allocation** of the mitigation fund allowable each year to implement mitigation projects and secure the air quality and economic benefits from this funding as soon as possible;
5. **Direct that the mitigation plan submitted to the Trustee provide for a transparent and collaborative approach with meaningful stakeholder input to establishing project funding priorities**, including allowing an option for regional councils (Councils of Government, Regional Planning Commissions) to establish mitigation project funding priorities within their planning regions if they choose to do so;
6. **Direct that the mitigation plan provide for administration of the funding within Texas be carried out primarily by COGs or other entity authorized by Lead Agency** to carry out any work they may perform related to the mitigation funding in order to maximize the ability of Texas to take advantage of these funds while minimizing the pressure to increase size of state government;
7. **Direct that the mitigation plan include a mid-course evaluation of progress and performance of the mitigation projects** and consider at that time whether it would be appropriate to amend the mitigation plan to include re-allocations of any unspent funds, any changes to the project prioritization process that might be appropriate, and any changes to the process for administering the projects;

ADOPTED THIS 23 DAY OF FEBRUARY BY THE TEXAS CLEAN AIR WORKING GROUP.



**Dr. Theresa Daniel**  
Commissioner – District 1  
Dallas County  
Chairwoman, Texas Clean Air Working  
Group

## ATTACHMENT

### Volkswagen and Audi Vehicles Affected by Lawsuit State of Texas

**DRAFT**

Texas Regional Councils	Vehicles Affected				Potential Settlement Per Texas Regional Councils
	2.0 L	3.0 L	Total		
Alamo Area Council of Governments (AACOG)	4014	482	4496	11.12%	\$ 23,234,000
Ark-Tex Council of Governments (ARK-TEX)	248	22	270	0.67%	\$ 1,395,000
Brazos Valley Council of Governments (BVCOG)	606	50	656	1.62%	\$ 3,390,000
Capital Area Council of Governments (CAPCOG)	4657	729	5386	13.32%	\$ 27,833,000
Central Texas Council of Governments (CTCOG)	1032	42	1074	2.66%	\$ 5,550,000
Coastal Bend Council of Governments (CBCOG)	936	61	997	2.47%	\$ 5,152,000
Concho Valley Council of Governments (CVCOG)	153	19	172	0.43%	\$ 889,000
Deep East Texas Council of Governments (DETCOG)	376	21	397	0.98%	\$ 2,052,000
East Texas Council of Governments (ETCOG)	1040	57	1097	2.71%	\$ 5,669,000
Golden Crescent Regional Planning Commission (GCRPC)	168	22	190	0.47%	\$ 982,000
Heart of Texas Council of Governments (HOTCOG)	402	13	415	1.03%	\$ 2,145,000
Houston-Galveston Area Council (H-GAC)	8056	1,599	9655	23.87%	\$ 49,894,000
Lower Rio Grande Valley Development Council (LRGVDC)	813	155	968	2.39%	\$ 5,002,000
Middle Rio Grande Development Council (MRGDC)	179	14	193	0.48%	\$ 997,000
Nortex Regional Planning Commission (NORTEX)	267	24	291	0.72%	\$ 1,504,000
North Central Texas Council of Governments (NCTCOG)	8789	1,537	10326	25.53%	\$ 53,361,000
Panhandle Regional Planning Commission (PRPC)	436	47	483	1.19%	\$ 2,496,000
Permian Basin Regional Planning Commission (PBRPC)	370	73	443	1.10%	\$ 2,289,000
Rio Grande Council of Governments (RGCOG)	870	89	959	2.37%	\$ 4,956,000
South East Texas Regional Planning Commission (SETRPC)	316	37	353	0.87%	\$ 1,824,000
South Plains Association of Governments (SPAG)	348	43	391	0.97%	\$ 2,021,000
South Texas Development Council (STDC)	285	41	326	0.81%	\$ 1,685,000
Texoma Council of Governments (TEXOMA)	279	15	294	0.73%	\$ 1,519,000
West Central Texas Council of Governments (WCTCOG)	559	53	612	1.51%	\$ 3,163,000
<b>Total Vehicles Affected in State of Texas</b>					<b>40,444</b>
<b>VW Settlement to the State of Texas</b>					<b>\$ 209,000,000</b>
<b>Potential Settlement Per Vehicle</b>					<b>\$ 5,168</b>

Source: NREL (Polk Vehicle Registration Database)