



**National Conference of State Legislatures
Office of State-Federal Relations**

Volkswagen Settlement Approved by Court

Oct. 25, 2016

On Oct. 25, the U.S. District Court of the Northern District of California, [approved](#) the final settlement under *United States v. Volkswagen Group of America et al.* The settlement includes a commitment from Volkswagen to spend \$14.7 billion to remedy its use of defeat devices that were used to “cheat” emissions tests and deceive both federal and state regulators. Of this amount, \$2.7 billion will be used to establish an Environmental Mitigation Trust, which beneficiaries—including states, territories, and federally recognized tribes— may utilize to invest in transportation projects that will reduce nitrogen oxides (NOx) emissions. Additionally, \$2 billion will be used for Volkswagen guided actions that will support increased use of zero emission vehicle (ZEV) technology in the United States.

The \$2.7 billion placed in an Environmental Mitigation Trust is [allocated](#) to beneficiaries based on the number of affected vehicles within their borders. To take advantage of those funds, potential beneficiaries are required to [submit](#) certification for beneficiary status [not later than 60 days after the trust effective date](#), designating their “lead agency,” certified by the Office of the Governor, or, if not a state, the analogous chief executive. Once certification forms are filed, the court-appointed trustee will then approve or deny a beneficiary’s status. If approved, the beneficiary will be required to submit a beneficiary mitigation plan. An estimated timeline can be located [here](#).

Mitigation actions [allowed](#) under the settlement include replacing or repowering eligible large and medium trucks, school and transit buses, freight switching railroad locomotives, ferries and tugs, oceangoing vessels, airport ground support equipment and other vehicles with new diesel, alternative fuel or all-electric engines. The settlement allows beneficiaries to use up to 15 percent of their allocation of trust funds on acquiring, installing, operating and maintaining new light duty ZEV supply equipment. Beneficiaries will select which eligible mitigation actions are best suited for them.

Volkswagen is also [required](#) to commit \$2 billion to lead actions that will support the promotion of ZEVs and their charging infrastructure in the United States and California; \$1.2 billion will

support use within the U.S. as a whole, while \$800 million will support use in California specifically. VW is required to present the EPA with credible cost guidance, a national ZEV outreach plan, and a national ZEV investment plan. States will have the opportunity to provide input during a comment period following the development of the National ZEV Outreach Plan, on what types of investments VW may make, including locations and types of infrastructure, and criterion for education and outreach activities.

As an update, on Nov. 7 EPA [posted](#) a revised Frequently Asked Questions for Beneficiaries. This document provides updated information on the anticipated Environmental Mitigation Trust Effective Date, steps that states must make to file a certification form to obtain beneficiary status and access funds, and details relating to Eligible Mitigation Actions and the DERA Option.

For any further questions or concerns regarding the settlement, please contact NCSL staff, [Kristen Hildreth](#) (202-624-3597) or [Ben Husch](#) (202-624-7779).