

- SUBJECT:** Revising provisions related to LIRAP and local initiative projects
- COMMITTEE:** Environmental Regulation — committee substitute recommended
- VOTE:** 8 ayes — Pickett, E. Thompson, Cyrier, Kacal, Landgraf, Lozano, Reynolds, E. Rodriguez
- 1 nay — Dale
- WITNESSES:** For — John Dohmann, Dallas County Sheriff; Lawrence McCall, Dallas County Sheriff Emission Enforcement Task Force; Stacy Suits, Travis County; Jon White, Travis County Environmental Quality; Jason Candelas; (*Registered, but did not testify:* June Dadrick, CenterPoint Energy; Donna Warndof, Harris County; Cyrus Reed, Lone Star Chapter Sierra Club; Stephanie Thomas, Public Citizen; Brennan Howell, South-Central Partnership for Energy Efficiency as a Resource; Mark Mendez, Tarrant County; Robin Schneider, Texas Campaign for the Environment; Donald Lee, Texas Conference of Urban Counties; Mario Martinez, Texas Independent Auto Dealers Association; Deece Eckstein, Travis County Commissioners Court)
- Against — None
- On — (*Registered, but did not testify:* Shannon Stevenson, North Central Texas Council of Governments; Donna Huff, TCEQ)
- BACKGROUND:** In several counties, including those that do not meet federal air quality standards, emissions inspections are conducted as part of the annual state vehicle safety inspection. Health and Safety Code, secs. 382.202 and 382.302 authorize the Texas Commission on Environmental Quality (TCEQ) to assess fees for these inspections.
- Under sec. 382.202(g)(1), TCEQ must use a portion of the fees collected to fund the Low-Income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP), which assists low-income vehicle owners whose vehicles fail emissions testing with

repairing a failing vehicle or purchasing one that meets emissions standards. Sec. 382.202(g)(2) requires TCEQ, to the extent practicable, to distribute available funding generated from the fees to participating counties in reasonable proportion to the amount collected in those counties or regions.

Under sec. 382.220(d), funding that counties receive from the fees may be used for local initiative projects in an amount not to exceed \$7 million per fiscal year and may be made available only if the county participates in LIRAP and provides matching funds for the project. Of the potentially available \$7 million, \$2 million may be used only for projects to reduce use of counterfeit registration insignia. Health and Safety Code, sec. 382.220(b) describes programs that qualify as local initiative projects.

DIGEST:

CSHB 2321 would make various changes to the Low-Income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP) and local initiative projects program.

LIRAP. The bill would revise requirements for guidelines that the Texas Commission on Environmental Quality (TCEQ) must adopt to assist counties participating in LIRAP. The guidelines would have to recommend that replacement vehicles had an odometer reading of no more than 85,000 miles, increased from 70,000 miles, and were from the current or previous four, rather than three, model years for cars and certain other vehicles and from the current or previous three, rather than two, model years for trucks.

TCEQ's guidelines would recommend setting the maximum financial assistance for vehicle repairs at no less than \$800 and the minimum financial assistance for vehicle replacements at:

- \$4,000 for a replacement car, increased from \$3,000;
- \$4,000 for a replacement truck, increased from \$3,000; and
- \$4,500 for certain other replacement vehicles, increased from \$3,500.

To be eligible for LIRAP repair or replacement, vehicles no longer would have to be registered in the county implementing the program for 12 of the 15 months preceding the application. The bill also would allow replacement vehicles purchased with LIRAP assistance to include vehicles leased for at least three years under an agreement that allowed them to be driven 12,000 miles or more per year without penalty.

Local initiative projects. CSHB 2321 would revise Health and Safety Code, sec. 382.220 to specify in that section that TCEQ was required to provide funding for LIRAP using fee revenue from emissions-related inspections and other designated and available funds and allowed to provide funding from inspection fees to participating counties for local initiative projects. The bill would require a county pursuing local initiative projects to spend at least half of the funding from inspection fees made available to the county on LIRAP. It also would allow funds that had not been spent on the last day of the fiscal year in which the money was allocated for local initiative projects to be used for local government fleet replacement and retirement.

CSHB 2321 would remove the requirements that no more than \$7 million per fiscal year be allocated for local initiative projects and that \$2 million of the potential \$7 million be used for projects addressing counterfeit registration insignia. The bill also would eliminate the requirement that money for local initiative projects be provided to counties only on a matching basis.

The bill would take effect September 1, 2017.

**SUPPORTERS
SAY:**

CSHB 2321 would modernize and increase the effectiveness of the Low-Income Vehicle Repair Assistance, Retrofit, and Accelerated Vehicle Retirement Program (LIRAP) and local initiative projects, which have been instrumental in reducing emissions across the state. Multiple Texas counties are in nonattainment of the eight-hour ozone standard set by the Environmental Protection Agency (EPA), and these programs are critical for reaching attainment, especially as EPA prepares to implement a more stringent ozone standard.

The bill would not increase the scope of state government, as it would aim to make the use of local funds by counties more effective. By improving the effectiveness of LIRAP and local initiative projects, CSHB 2321 would help to maintain clean air and facilitate attainment of EPA standards. Clean air is a public good from which all Texans benefit.

LIRAP. CSHB 2321 would expand vehicle model year eligibility and allowable mileage in LIRAP. This change would help lower-income participants who might not be able to use the program due to the costs of payments on a newer vehicle. The bill also would modernize the program by increasing recommended financial assistance amounts. While repair and vehicle costs have increased, assistance provided under LIRAP has remained the same.

The bill would remove the current requirement that, to be eligible for repair or replacement through LIRAP, a vehicle must have been registered in the county implementing the program for 12 of the 15 months preceding application. Under current law, even if individuals obtain a temporary registration permit, they cannot qualify for needed LIRAP assistance because their vehicle might not have been registered for long enough in the county where they are seeking assistance. The bill would remove this requirement that prevents individuals who need the program's assistance from obtaining it.

Local initiative projects. CSHB 2321 would eliminate the burdensome matching funds requirement for counties to receive local initiative project funding. Because the funds for local initiative projects come from fees assessed in participating counties, the match requirement essentially double-charges these counties for use of their funds.

The bill also would give counties increased flexibility in implementing local initiative projects by allowing unspent funds to go toward replacing or adding vehicles to vehicle fleets.

The bill could be amended to eliminate vehicle leases from the definition

of "purchase" to remove this as an option for vehicle replacement through LIRAP.

OPPONENTS
SAY:

By removing the requirement that vehicles must have been registered in a county for at least 12 of the 15 months prior to application for repair or replacement eligibility through LIRAP, the bill would increase the potential for abuse of the program. CSHB 2321 would allow vehicles from outside the region to be brought in, given a temporary registration permit, repaired with LIRAP funding, and subsequently resold or moved out of the region. Similarly, individuals could bring in outside vehicles, purchase a temporary registration permit for them, and take advantage of LIRAP funding to purchase a new vehicle.

The bill inappropriately would allow LIRAP funds to be used to lease vehicle replacements. Vehicle leases under the program could be difficult for counties to administer and would not be the best use of these funds compared to facilitating vehicle ownership.

CSHB 2321 would expand the scope of government by increasing existing subsidy programs. The programs take money from motorists' vehicle inspections and redistribute it to others.

NOTES:

The author of the bill plans to offer a floor amendment that would remove leasing a vehicle from the definition of "purchase."