

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1425
By: Williams, Watson
Natural Resources
5/1/2009
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there is no state incentive for companies in Texas to convert their existing gasoline and diesel burning vehicles to low-emission vehicles.

C.S.S.B. 1425 amends current law relating to the creation of alternative fuel programs to be funded by the Texas emissions reduction plan fund.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission, the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 2 (Section 391.005, Health and Safety Code) and SECTION 4 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 386.252, Health and Safety Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Provides that money in the Texas Emissions Reduction Plan Fund (fund) is authorized to be used only to implement and administer programs established under the plan and is required to allocate for the diesel emissions reduction incentive program, 87.5 percent of the money in the fund, of which not more than four percent is authorized to be used for the clean school bus program, five percent is required to be used for the clean fleet program, and not more than 10 percent is authorized to be used for on-road diesel purchase or lease incentives.

(d) Authorizes the Texas Natural Resource Conservation Commission (TNRCC) to allocate unexpended money designated for the clean fleet program to other programs described under Subsection (a) after TNRCC allocates money to recipients under the clean fleet program.

SECTION 2. Amends Subtitle C, Title 5, Health and Safety Code, by adding Chapter 391, as follows:

CHAPTER 391. TEXAS CLEAN FLEET PROGRAM

Sec. 391.001. DEFINITIONS. Defines "alternative fuel," "commission," "hybrid vehicle," "incremental cost," and "program."

Sec. 391.002. PROGRAM. (a) Requires the Texas Commission on Environmental Quality (TCEQ) to establish and administer the Texas clean fleet program (program) designed to encourage a person that has a fleet of vehicles to convert diesel-powered vehicles to alternative fuel vehicles or hybrid vehicles or replace them with alternative fuel or hybrid vehicles. Requires TCEQ, under the program, to provide grants for eligible projects to offset the incremental cost of projects for fleet owners.

(b) Provides that an entity that places 25 or more qualifying vehicles in service for use entirely in this state during a calendar year is eligible to participate in the program.

Sec. 391.003. QUALIFYING VEHICLES. (a) Provides that a vehicle is a qualifying vehicle that is authorized to be considered for a grant under the program if during a calendar year the entity takes certain actions.

(b) Provides that a vehicle is not a qualifying vehicle if the vehicle is a neighborhood electric vehicle, as defined by Section 551.301 (Definitions), Transportation Code, has been used as a qualifying vehicle to qualify for a grant under this chapter for a previous reporting period or by another entity, or has qualified for a similar grant or tax credit in another jurisdiction.

Sec. 391.004. APPLICATION FOR GRANT. (a) Authorizes an entity operating in this state that operates a fleet of at least 100 vehicles to apply for and receive a grant under the program.

(b) Authorizes TCEQ to adopt guidelines to allow a regional planning commission, council of governments, or similar regional planning agency created under Chapter 391 (Regional Planning Commissions), Local Government Code, or a private nonprofit organization to apply for and receive a grant to improve the ability of the program to achieve its goals.

(c) Requires that an application for a grant under this chapter be made on a form provided by TCEQ and contain the information required by TCEQ.

Sec. 391.005. ELIGIBILITY OF PROJECTS FOR GRANTS. (a) Requires TCEQ by rule to establish criteria for setting priorities for projects eligible to receive grants under this chapter. Requires TCEQ to review and authorizes TCEQ to modify the criteria and priorities as appropriate.

(b) Requires that a qualifying vehicle be used on a regular, daily route and have at least five years of useful life remaining.

(c) Requires that a qualifying vehicle remain in the state for at least five years. Requires TCEQ by rule to create a monitoring program to ensure compliance under this subsection as well as penalties against the recipient of the grant if the vehicle is removed from the state before the fifth anniversary of the date the grant is awarded.

Sec. 391.006. RESTRICTION ON USE OF GRANT. Requires a recipient of a grant under this chapter to use the grant to pay the incremental costs of the project for which the grant is made, which may include the initial cost of the alternative fuel vehicle and the reasonable and necessary expenses incurred for the labor needed to install emissions-reducing equipment. Prohibits the recipient from using the grant to pay the recipient's administrative expenses.

Sec. 391.007. AMOUNT OF GRANT. Requires that the amount TCEQ awards for each vehicle is, for a federally certified low-emission vehicle fueled by an alternative fuel, 50 percent of the incremental cost; for a federally certified ultra-low-emission vehicle or federally certified inherently low-emission vehicle fueled by an alternative fuel, 75 percent of the incremental cost; for a federally certified super-ultra-low-emission vehicle or federally certified zero-emission vehicle fueled by an alternative fuel, 85 percent of the incremental cost; or for a hybrid vehicle, 80 percent of the incremental cost.

Sec. 391.008. EXPIRATION. Provides that this chapter expires August 31, 2017.

SECTION 3. (a) Defines "alternative fuel" and "commission."

(b) Requires TCEQ to conduct an alternative fueling facilities study to assess the correlation between the installation of fueling facilities in nonattainment areas and the deployment of fleet vehicles that use alternative fuels, and determine the emissions reductions achieved from replacing a diesel-powered engine with an engine utilizing alternative fuels.

(c) Requires TCEQ, from the emissions reductions determined under Subsection (b), to determine the amount of emissions reductions which are fairly attributable to the installation of an alternative fuel fueling facility and the combustion of the alternative fuel in the vehicles fueled by the alternative fueling facility.

(d) Requires TCEQ, in connection with the study connected under this section, to seek approval for credit in the state implementation plan from the United States Environmental Protection Agency (EPA) for emissions reductions that can be directly attributed to an alternative fuel fueling facility, and achieved as a consequence of an alternative fuel fueling facility encouraging the use of alternatively fueled vehicles.

(e) Requires TCEQ to including in TCEQ's biennial report to the legislature the findings of the study conducted under this section and the status of the discussions with EPS regarding credit for emissions reductions in the state implementation plan which can be achieved as a result of the installation of alternative fuel fueling facilities.

(f) Provides that this section expires August 31, 2011.

SECTION 4. Requires TCEQ to adopt rules under Section 391.005, Health and Safety Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 5. Effective date: September 1, 2009.