

BILL ANALYSIS

Senate Research Center
84R2753 JXC-D

S.B. 603
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Natural Resources & Economic Development
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Emissions Reduction Plan (TERP) was established by the 77th Legislature in 2001, through the enactment of S.B. 5. The statutory objectives of TERP include:

1. achieving maximum reductions in nitrogen oxides (NOx) to demonstrate compliance with the Texas State Implementation Plan (SIP);
2. preventing areas of the state from being in violation of National Ambient Air Quality Standards (NAAQS) established by the United States Environmental Protection Agency (EPA) under authority of the Federal Clean Air Act (FCAA);
3. achieving cost-saving and multiple benefits by reducing emissions of other pollutants;
4. achieving reductions of emissions of diesel exhaust from school buses; and
5. advancing technologies that reduce NOx and other emissions from facilities and other stationary sources.

Lowering NOx emissions from TERP-eligible sources remains an important strategy for the SIP, which details how the state will meet the FCAA requirements.

Recent additions to TERP also include programs to support increased use of alternative fuel for transportation in Texas.

TERP includes incentive funding for a variety of programs. The primary TERP grant program continues to provide grants to reduce NOx emissions from mobile sources in the state's nonattainment areas and areas of concern. Other programs include funding for natural gas vehicles and other alternative fuel vehicles, and infrastructure to provide fuel for those vehicles. TERP also includes funding to reduce emissions from school buses.

Since the establishment of TERP in 2001, the plan has been updated and enhanced several times to address legislative priorities and the air quality issues facing the state. Recent changes and additions to TERP have increased the role of TERP in encouraging use of alternative fuels for transportation in Texas and to support new and innovative technologies for reduction of emissions from stationary facilities.

Environmental groups like TERP — which has a balance running toward \$1 billion — because it cleans up the air; major industry likes TERP because it takes the pressure off industries to clean up their pollution; and cities like it because it helps them meet federal air quality regulations.

As the EPA considers tougher and stricter emissions regulations, smog and emissions reduction programs like TERP become even more valuable.

Under current statute, the TERP program has a sunset date in 2019.

S.B. 603 extends the sunset date to 2021 to provide security and a safety-net to businesses and local governments that rely on TERP and that may fall victim to future EPA regulations.

As proposed, S.B. 603 amends current law relating to the Texas Emissions Reduction Plan.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 386.002, Health and Safety Code, as follows:

Sec. 386.002. EXPIRATION. Provides that this chapter expires August 31, 2021, rather than 2019.

SECTION 2. Amends Section 386.162, Health and Safety Code, as follows:

Sec. 386.162. EXPIRATION. Provides that, notwithstanding Section 386.002, this subchapter expires August 31, 2017, rather than 2015. Makes a conforming change.

SECTION 3. Amends Section 390.006, Health and Safety Code, as follows:

Sec. 390.006. EXPIRATION. Provides that this chapter expires August 31, 2021, rather than 2019.

SECTION 4. Amends Section 391.304, Health and Safety Code, as follows:

Sec. 391.304. EXPIRATION. Provides that this chapter expires August 31, 2021, rather than 2019.

SECTION 5. Amends Section 392.008, Health and Safety Code, as follows:

Sec. 392.008. EXPIRATION. Provides that this chapter expires August 31, 2019, rather than 2017.

SECTION 6. Amends Section 393.007, Health and Safety Code, as follows:

Sec. 393.007. EXPIRATION. Provides that this chapter expires August 31, 2020, rather than 2018.

SECTION 7. Amends Section 394.012, Health and Safety Code, as follows:

Sec. 394.012. EXPIRATION. Provides that this chapter expires August 31, 2019, rather than 2017.

SECTION 8. Effective date: upon passage or September 1, 2015.