

Amend SB 21 on third reading by adding the following appropriately numbered section and renumbering subsequent sections accordingly:

SECTION ____ . (a) Chapter 447, Government Code, is amended by adding Sections 447.010 and 447.011 to read as follows:

Sec. 447.010. FUEL SAVINGS FOR STATE AGENCIES. (a) In this section and in Section 447.011:

(1) "Cost-effective" means resulting in fuel consumption reduction with a projected savings in fuel cost over a one-year period that exceeds the cost of purchasing and using a technology.

(2) "Fuel-saving technology" means a:

(A) device containing no lead metal that is installed on a motor vehicle or non-road diesel and that has been proven to reduce fuel consumption per mile or per hour of operation by at least five percent;

(B) fuel additive registered in accordance with 40 C.F.R. Part 79 that contains no known mutagenic materials and that has been proven to reduce fuel consumption per mile or per hour of operation by at least five percent; or

(C) fuel registered in accordance with 40 C.F.R. Part 79 that contains no known mutagenic materials and that has been proven to reduce fuel consumption per mile or per hour of operation by at least five percent.

(3) "Motor vehicle" and "non-road diesel" have the meanings assigned by Section 386.101, Health and Safety Code.

(4) "Proven fuel-saving technologies" means technologies shown to reduce fuel use by at least five percent in:

(A) a United States Environmental Protection Agency fuel economy test performed at a laboratory recognized by that agency and under federal test protocols;

(B) a fuel economy test performed in accordance with protocols and at testing laboratories or facilities recognized by the state energy conservation office, the Texas Commission on Environmental Quality, or the United States Environmental Protection Agency; or

(C) a field demonstration performed in

accordance with Section 447.011.

(b) A state agency with 10 or more motor vehicles or non-road diesels shall reduce the total fuel consumption of the vehicles or diesels by at least five percent from fiscal year 2002 consumption levels through the use of cost-effective proven fuel-saving technologies.

(c) A state agency may delay reducing fuel use as described in this section until a list of proven fuel-saving technologies is provided by the state energy conservation office as provided by Section 447.011.

(d) A state agency may not purchase or use as a fuel-saving technology a technology that:

(1) is known to increase engine emissions above the levels established by the United States Environmental Protection Agency;

(2) may be reasonably concluded to degrade air quality or human health or to negatively impact the environment; or

(3) is known to negatively affect the manufacturer's warranty of a motor vehicle or non-road diesel.

(e) A state agency may purchase cost-effective proven fuel-saving technologies out of the agency's fuel budget.

(f) A state agency shall evaluate similar fuel-saving technologies competitively.

(g) A state agency may condition a purchase of a fuel-saving technology on the seller's agreement to refund the cost of the technology if the agency determines it to be ineffective at reducing fuel use by at least five percent before the 91st day after the date the technology is first used by the agency.

(h) A state agency may use a proven fuel-saving technology that the agency determines is cost-effective and may use a fuel-saving technology in applications that provide other benefits, including emissions reductions.

(i) A state agency may establish a program for agency employees voluntarily to:

(1) purchase fuel-saving technologies; and

(2) document reductions in fuel savings and air emissions.

(j) A state agency shall report to the state energy conservation office annually, on a form provided by the office, on the state agency's efforts and progress under this section.

Sec. 447.011. FIELD DEMONSTRATIONS. (a) Under the direction of the state energy conservation office, the Texas Department of Transportation shall demonstrate the effectiveness of at least four fuel-saving technologies on a combined maximum of 100 motor vehicles or non-road diesels in accordance with this section to determine the fuel-saving technologies that may cost-effectively reduce fuel consumption and save state revenue.

(b) The Texas Department of Transportation shall select varying ages and types of motor vehicles and non-road diesels to demonstrate the fuel-saving technologies and shall give a preference to high-use motor vehicles and non-road diesels in the selection.

(c) The Texas Department of Transportation shall demonstrate the performance of fuel-saving technologies by:

(1) assessing a technology's performance in the normal course of operations of motor vehicles or non-road diesels; and

(2) performing controlled field tests.

(d) In selecting the technologies to be evaluated, the state energy conservation office shall:

(1) consult with governmental and business organizations that are currently using fuel-saving technology;

(2) consider technologies that are proven fuel-saving technologies that have demonstrated fuel economy benefits of five percent or more in field tests or recorded use data of government organizations or businesses that operate fleets; and

(3) determine whether each technology selected has the potential to be cost-effective.

(e) A fuel-saving technology may be disqualified from being demonstrated or used if it is known to reduce engine performance, reduce the life of the engine, require additional maintenance expenses, or degrade air quality.

(f) The Texas Commission on Environmental Quality, The University of Texas Center for Transportation Research, the University of Houston Diesel Emissions Center, or another agency

may be designated to assist with executing the demonstration, compiling the results, estimating the potential average fuel savings of the technologies in different applications, or preparing a final report.

(g) On completing the demonstration described by this section the state energy conservation office shall rank the fuel-saving technologies based on their fuel savings, other cost savings, and overall cost-effectiveness. The office shall:

(1) list recommended applications of the technologies;

(2) document other negative or positive effects; and

(3) prepare a concise report of these findings.

(h) The Texas Commission on Environmental Quality shall obtain information on any fuel-saving technology that appears to reduce particulate matter, oxides of nitrogen, carbon monoxide, or hydrocarbon emissions. The Texas Commission on Environmental Quality may use this information to fund the United States Environmental Protection Agency verification of a technology in accordance with Section 387.003, Health and Safety Code.

(i) The state energy conservation office shall provide the report prepared under Subsection (g) to each state agency with 10 or more motor vehicles or non-road diesels and to the Legislative Budget Board.

(j) The demonstration and associated reports described by this section shall be completed not later than September 1, 2004.

(k) All results of a demonstration project under this section shall be made public on the state energy conservation office's Internet website.

(l) The state energy conservation office shall provide quarterly an updated list of all proven fuel-saving technologies on its Internet website.

(m) Money from the state highway fund may not be used for the purchase, installation, maintenance, or operation of the fuel-saving technologies being assessed or subjected to controlled field tests under this section. Repairs to state equipment resulting from demonstrations of fuel-saving technologies must be paid from the same funds used to implement this section.

(b) Chapter 2113, Government Code, is amended by adding Subchapter E to read as follows:

SUBCHAPTER E. RESTRICTIONS ON CAPITAL EXPENDITURES

Sec. 2113.301. PREFERENCE FOR FINANCING CERTAIN CAPITAL EXPENDITURES WITH MONEY GENERATED BY UTILITY COST SAVINGS CONTRACT.

(a) In this section:

(1) "State facility purpose" means a purpose related to:

(A) the maintenance of a state-owned or state-leased building or facility; or

(B) a project as defined by Section 2166.001, including a project described by Section 2166.003.

(2) "Utility cost savings contract" means a contract under Subchapter I, Chapter 2166, or other law that guarantees utility cost savings for energy conservation measures to reduce energy or water consumption or to reduce operating costs of governmental facilities.

(b) Before a state agency may use appropriated money to make a capital expenditure for a state facility purpose, the state agency must determine whether the expenditure could be financed with money generated by a utility cost savings contract.

(c) If it is practicable to do so, a state agency that is using appropriated money must finance a capital expenditure for a state facility purpose with money generated by a utility cost savings contract.

(d) If it is not practicable for a state agency that is using appropriated money to finance a capital expenditure for a state facility purpose with money generated by a utility cost savings contract, the state agency must provide justification to the comptroller for the capital expenditure.

(e) In determining under Subsection (b) whether a capital expenditure could be financed by a utility cost savings contract, a state agency must consider whether utility cost savings generated by any department of that agency could be a potential means of financing a capital expenditure for any department of that agency. Money generated by a utility cost savings in one department of a state agency may be used to finance capital expenditures for a state

facility purpose in any department of that agency.

(f) This section does not apply to an institution of higher education as defined by Section 61.003, Education Code.

(g) This section does not apply to a capital expenditure for a state facility purpose that requires expeditious action to:

(1) prevent a hazard to life, health, safety, welfare, or property; or

(2) avoid undue additional cost to the state.

(h) The Texas Building and Procurement Commission shall appoint a task force to develop design recommendations that are to be used for state facilities and that encourage rain harvesting and water recycling by state agencies using appropriated money to finance a capital expenditure for a state facility purpose.