

## **BILL ANALYSIS**

Senate Research Center  
78R8837 MI-F

S.B. 1220  
By: Harris  
Natural Resources  
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As Filed

### **DIGEST AND PURPOSE**

The federal Clean Air Act authorizes the United States Environmental Protection Agency to establish the maximum allowable concentrations of pollutants that have been shown to endanger human health, harm the environment, and cause property damage. The Texas Emissions Reduction Plan (TERP), as established by S.B. 5 of the 77th Legislature, created incentive programs to assist in reaching attainment by 2007. As proposed, S.B. 1220 makes statutory adjustment to allow for a more efficient TERP and makes necessary changes to help ensure attainment is reached.

### **RULEMAKING AUTHORITY**

Rulemaking authority is granted to the Texas Transportation Commission in SECTION 12 (Section 224.153, Transportation Code) and to the comptroller of public accounts in SECTION 13 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 386.001(2), Health and Safety Code, to redefine “affected county.”

SECTION 2. Amends Section 386.053(d), Health and Safety Code, to authorize revisions to emissions reduction guidelines to include, among other changes, adding additional pollutants, adding vehicles and equipment that use fuels other than diesel, or adjusting eligible program categories, as appropriate, to ensure that incentives established under this chapter achieve the maximum possible emissions reductions.

SECTION 3. Amends Section 386.101(9), Health and Safety Code, to redefine “repower.”

SECTION 4. Amends Section 386.102(b), Health and Safety Code, to authorize certain projects to be considered for a grant.

SECTION 5. Amends Section 386.103(a), Health and Safety Code, to authorize the Texas Commission on Environmental Quality (TCEQ) to adopt guidelines to allow a person other than the owner to apply for and receive a grant in order to improve the ability of the program to achieve its goals.

SECTION 6. Amends Section 386.104(f), Health and Safety Code, to require a proposed retrofit, repower, replacement, or add-on equipment project to document, in a manner acceptable to TCEQ, a reduction in emissions of oxides of nitrogen of at least 30 percent compared with the baseline emissions adopted by TCEQ for the relevant engine year and application.

SECTION 7. Amends Section 386.105, Health and Safety Code, by adding Subsection (e) to authorize TCEQ to allow for the apportionment of credits associated with a project between the plan and another program or entity if the part of the credit assigned to the program that is part of the plan still meets any applicable cost-effectiveness criteria.

SECTION 8. Amends Section 386.112(b), Health and Safety Code, to require the program to

authorize statewide incentives for the reimbursement of incremental costs for the purchase or lease, according to the schedule provided by Section 386.113, of new on-road diesels that are certified by the United States Environmental Protection Agency or the California Air Resources Board to an emissions standard provided by Section 386.113 if the purchaser or lessee of the on-road diesel agrees to register the vehicle in this state and to operate the on-road diesel in this state for not less than 75 percent of the on-road diesel's annual mileage.

SECTION 9. Amends Chapter 386C, Health and Safety Code, by adding Section 386.115, as follows:

Sec. 386.115. MODIFICATION OF VEHICLE ELIGIBILITY. Authorizes TCEQ after evaluating the availability of vehicles meeting the emissions standards and after public notice and comment, in consultation with the advisory board, to expand the program to include other on-road vehicles, regardless of fuel type used, that meet the emissions standards, have a gross vehicle weight rating of 10,000 pounds or more, and are purchased or leased in lieu of a new on-road diesel.

SECTION 10. Amends Section 386.252, Health and Safety Code, as follows:

Sec. 386.252. USE OF FUND. (a) Requires money in the fund to be used only to implement and administer programs established under the plan and to be allocated in a certain manner. Deletes text specifying that not more than three percent may be used for infrastructure projects.

(b) Authorizes up to 25, rather than 15, percent of the money allocated under Subsection (a) to a particular program and not expended under that program by January 1, rather than March 1, of the second fiscal year of a fiscal biennium to be used for another program under the plan as determined by TCEQ in consultation with the advisory board.

SECTION 11. Amends Section 151.0515, Tax Code, by amending Subsections (a) and (c) and adding Subsection (b-1), as follows:

(a) Redefines "equipment."

(b-1) Provides that in each county in this state, a surcharge is imposed on the storage, use, or other consumption in this state of new or used equipment. Provides that the surcharge is at the same percentage rate as is provided by Subsection (b) on the sales price or the lease or rental amount of the equipment.

(c) Requires the surcharge to be collected at the same time and in the same manner and to be administered and enforced in the same manner as the tax imposed under this chapter, rather than subchapter.

SECTION 12. Amends Section 224.153(c), Transportation Code, to authorize Texas Transportation Commission if federal highway funding will not be negatively affected, by rule to provide that a motor vehicle displaying the "low-emissions vehicle" insignia authorized by Section 502.186 in an easily readable location on the back of the vehicle is entitled to travel in a preferential car pool or high occupancy vehicle lane designated under this section regardless of the number of occupants in the vehicle. Provides that this subsection expires August 31, 2008.

SECTION 13. (a) Effective date: upon passage or September 1, 2003.

(b) Provides that Section 11 of this Act takes effect on the first day of the first month beginning on or after the earliest date on which this Act may take effect if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas

Constitution. Provides that if this Act does not receive the vote necessary for effect before September 1, 2003, Section 11 of this Act takes effect September 1, 2003. Authorizes the comptroller of public accounts to adopt emergency rules for the implementation of Section 11 of this Act.