Amend **CSHB 3168** by adding the following appropriately numbered SECTION and renumbering subsequent SECTIONS accordingly:

SECTION _____. (a) The State Energy Conservation Office shall prepare a report that provides a coherent strategy for and recommends mechanisms for increasing the availability of low-emission automatic fuels. The report must include:

(1) a list of recommended fuels;

(2) proposed mechanisms for increasing the availability of the fuels recommended under Subdivision (1) of this subsection to the majority of Texas drivers by 2010, including:

(A) rebates for retrofitting vehicles to make them compatible with the recommended fuels, if necessary;

(B) procurement agreements by municipalities and state agencies to purchase vehicles that are compatible with the recommended fuels; and

(C) market incentives to producers and distributors of the recommended fuels;

(3) an assessment of:

(A) the anticipated effects on ground-level ozone levels in urban areas as a result of using the recommended fuels;

(B) the cost to the state to implement the mechanisms proposed under Subdivision (2) of this subsection;

(C) the possible benefits to the state in reduced health care costs that may result from using the recommended fuels;

(D) the number of new jobs expected to be created in this state that may result from using the recommended fuels;

(E) projected costs to Texas consumers of using the recommended fuels;

(F) the anticipated effect on state revenue as a result of new economic activity related to the production, distribution, and use of the recommended fuels; and

(G) the net reduction of emissions projected to result from using the recommended fuels; and

(4) any statutory changes needed to implement the strategy or a recommended mechanism.

(b) For each fuel in the list of fuels recommended under this section, the State Energy Conservation Office shall include an

analysis of the life cycle emissions for the fuel and a determination of how well the fuel achieves the goal of producing at least 20 percent less emissions over its life cycle than conventional gasoline. The life cycle of a fuel includes emissions that occur in the production of the fuel. If part of the fuel's production process includes carbon capture and storage, also known as carbon sequestration, the resulting reduction in carbon dioxide emissions is included in computing the life cycle emissions for the fuel.

(c) The State Energy Conservation Office may establish a task force to assist in developing the strategy and recommendations required by Subsections (a) and (b) of this section.

(d) Not later than October 1, 2008, the State Energy Conservation Office shall deliver the report required by this section to the governor, the lieutenant governor, the speaker of the house of representatives, and the standing committees of the legislature with primary jurisdiction over environmental, economic, and transportation matters.