

BILL ANALYSIS

Senate Research Center

S.B. 1425
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Natural Resources
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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.

As proposed, S.B. 1425 creates the "Clean Fleet Program" with a five percent set-aside of Texas Emissions Reduction Plan (TERP) funds encouraging companies with 25 or more vehicles to either convert the vehicles to or replace the vehicles with clean burning fuel vehicles. The bill also creates the Texas Alternative Fueling Facilities Program to provide grants for the construction of an alternative fueling facilities fund through a two percent set-aside from TERP funds. Each of these programs is to be available only in non-attainment areas and will be administered by the Texas Commission on Environmental Quality.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 2 (Sections 391.004 and 392.004, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 386.252(a) and (c), Health and Safety Code, 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 five percent is authorized to be used for the clean fleet program and not more than two percent is authorized to be used for the alternative fueling facilities program.
- (c) Authorizes money in the fund to be allocated to clean fleet program and the alternative fueling facilities program under certain circumstances.

SECTION 2. Amends Subtitle C, Title 5, Health and Safety Code, by adding Chapters 391 and 392, 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 entities that have a fleet of vehicles to either convert diesel-powered or gasoline-powered vehicles to alternative fuel vehicles or replace them with such vehicles, including hybrid-electric, compressed natural gas, liquefied natural gas, hydrogen, or other alternative fuel vehicles, to reduce the exposure of the citizens living in nonattainment areas of the state. 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 in this state during a calendar year is eligible to participate in the program.

(c) Provides that a vehicle is a qualifying vehicle that may be considered for a grant under the program if during a calendar year the entity purchases the vehicle and the vehicle is a hybrid vehicle, or is fueled by an alternative fuel, and is to be used entirely in this state; converts the vehicle to be a hybrid vehicle or to fueled by an alternative fuel in a manner other than the manner described by Subdivision (3), and the vehicle is to be used entirely in this state; or replaces the vehicle's power source with a power source that is fueled by an alternative fuel or that causes the vehicle to be a hybrid vehicle, and the vehicle is to be used entirely in this state.

(d) Provides that a vehicle is not a qualifying vehicle if the vehicle is a mild hybrid vehicle such as certain listed models, is a neighborhood electric vehicle, as defined by Section 551.301 (Definitions), Transportation Code, or has been used as a qualifying vehicle to qualify for a grant under this chapter for a previous reporting period or by another entity.

Sec. 391.003. 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. 391.004. 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.

Sec. 391.005. 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. 391.006. AMOUNT OF GRANT. Requires that the amount TCEQ awards for each vehicle is, for a certified low-emission vehicle fueled by an alternative fuel, 50 percent of the incremental cost; for a certified ultra-low-emission vehicle or certified inherently low-emission vehicle fueled by an alternative fuel, 75 percent of the incremental cost; for a certified super-ultra-low-emission vehicle or 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. 391.007. EXPIRATION. Provides that this chapter expires August 31, 2017.

CHAPTER 392. TEXAS ALTERNATIVE FUELING FACILITIES PROGRAM

Sec. 392.001. DEFINITIONS. Defines "alternative fuel," "commission," and "program."

Sec. 392.002. PROGRAM. (a) Requires TCEQ to establish and administer the Texas alternative fueling facilities program designed to provide fueling facilities in nonattainment areas for alternative fuel. Requires TCEQ, under the alternative fueling facilities program, to provide grants for eligible projects to offset the incremental cost of qualifying projects.

(b) Provides that an entity that constructs, reconstructs, or acquires an alternative fuel refueling facility is eligible for a grant as provided by this chapter.

(c) Provides that an entity's qualified amount is the cost incurred by the entity during a calendar year to construct, reconstruct, or acquire a facility to store, compress, charge, or dispense alternative fuels.

Sec. 392.003. APPLICATION FOR GRANT. (a) Authorizes an entity operating in this state that constructs, reconstructs, or acquires a facility to store, compress, charge, or dispense alternative fuels to apply for and receive a grant under the alternative fueling facilities 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 alternative fueling facilities 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. 392.004. ELIGIBILITY OR PROJECTS FOR GRANTS. 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.

Sec. 392.005. RESTRICTION ON USE OF GRANT. Requires a recipient of a grant under this chapter to use the grant to pay the costs of the alternative fuel project. Prohibits the recipient from using the grant to pay the recipient's administrative expenses.

Sec. 392.006. AMOUNT OF GRANT. Requires that the amount TCEQ awards for each alternative fueling facility be 50 percent of the actual cost of the facility.

Sec. 392.007. LIMITATIONS. (a) Prohibits an entity from receiving a grant under this chapter that exceeds \$500,000 for a single facility.

(b) Prohibits an entity from receiving a second grant under this chapter for the same facility.

(c) Requires an entity receiving a grant under this chapter to make the refueling facility accessible to persons other than the entity at designated times during the day.

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

SECTION 3. Requires TCEQ to adopt rules under Sections 391.004 and 392.004, Health and Safety Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 4. Effective date: September 1, 2009.