

By: Strama

H.B. No. 4459

A BILL TO BE ENTITLED

AN ACT

relating to economic development and employment opportunities in the renewable energy or energy efficiency industries.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 481.078, Government Code, is amended by adding Subsection (1) to read as follows:

(1) The fund may be used to make one or more grants to the Texas Workforce Commission to implement the commission's powers and duties relating to a green job skills training program. Subsections (e-1), (f), (g), (h), (i), and (j) do not apply to a grant under this subsection.

SECTION 2. Subtitle F, Title 4, Government Code, is amended by adding Chapter 490D to read as follows:

CHAPTER 490D. GREEN JOB SKILLS DEVELOPMENT FUND AND TRAINING

PROGRAM

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 490D.001. PURPOSE. The purpose of this chapter is to:

(1) promote green industry employment opportunities, including through the establishment of training programs to enhance green job skills;

(2) foster regional collaboration for the development of green industry employment opportunities;

(3) assist in the development of a highly skilled and productive workforce in the green industry; and

1 (4) assist workers with obtaining education, skills
2 training, and labor market information to enhance their
3 employability, earnings, and standard of living.

4 Sec. 490D.002. DEFINITIONS. In this chapter:

5 (1) "Commission" means the Texas Workforce
6 Commission.

7 (2) "Development fund" means the Texas green job
8 skills development fund.

9 (3) "Green job" means a job in the field of renewable
10 energy or energy efficiency, including a job relating to:

11 (A) energy-efficient building, construction, and
12 retrofitting;

13 (B) renewable electric power;

14 (C) biofuels;

15 (D) deconstruction and reuse of materials;

16 (E) energy efficiency assessments;

17 (F) manufacturing of sustainable products; and

18 (G) manufacturing using sustainable processes
19 and materials.

20 [Sections 490D.003-490D.020 reserved for expansion]

21 SUBCHAPTER B. GREEN JOB SKILLS DEVELOPMENT FUND

22 Sec. 490D.021. TEXAS GREEN JOB SKILLS DEVELOPMENT FUND. (a)
23 The Texas green job skills development fund is an account in the
24 general revenue fund. The account is composed of:

25 (1) legislative appropriations;

26 (2) money received from the Texas enterprise fund
27 under Section 481.078;

1 (3) gifts, grants, donations, and matching funds
2 received under Subsection (b); and

3 (4) other money required by law to be deposited in the
4 account.

5 (b) The commission may solicit and accept gifts, grants, and
6 donations of money from the federal government, local governments,
7 private corporations, or other persons to be used for the purposes
8 of this subchapter.

9 (c) Income from money in the account shall be credited to
10 the account.

11 (d) Money in the development fund may be used only for the
12 purposes of this chapter.

13 [Sections 490D.022-490D.030 reserved for expansion]

14 SUBCHAPTER C. GREEN JOB SKILLS GRANT PROGRAM

15 Sec. 490D.031. ESTABLISHMENT OF GREEN JOB SKILLS GRANT
16 PROGRAM. The commission shall establish a green job skills grant
17 program, funded by the development fund under Section 490D.021,
18 through which the commission may award grants for the
19 implementation, expansion, and operation of green job skills
20 training programs.

21 Sec. 490D.032. GRANT PROGRAM REQUIREMENTS. (a) A training
22 program funded through a grant awarded under this subchapter must:

23 (1) be hosted by a regional partnership that includes
24 at least:

25 (A) one university, college, or technical
26 school;

27 (B) one chamber of commerce, local workforce

1 agency, local employer, or other public or private participating
2 entity; and

3 (C) one economic development authority;

4 (2) assist an eligible individual in obtaining
5 education, skills training, and labor market information to enhance
6 the individual's employability in green industries; and

7 (3) assist in the development of a highly skilled and
8 productive workforce in green industries.

9 (b) A training program awarded a grant under this subchapter
10 shall target a population of eligible individuals for training that
11 includes:

12 (1) workers in high-demand green industries who are in
13 or preparing for high-wage occupations;

14 (2) workers in declining industries who may be
15 retrained for high-wage occupations in a high-demand green
16 industry;

17 (3) agriculture, timber, or energy sector workers who
18 may be retrained for high-wage occupations in a high-demand green
19 industry;

20 (4) veterans or past or present members of the armed
21 forces of the United States, including the state military forces,
22 or a reserve component of the armed forces or the national guard;

23 (5) unemployed workers; or

24 (6) individuals determined by the commission to be
25 disadvantaged and in need of training to obtain employment.

26 (c) A training program may receive funding under this
27 chapter for a period not to exceed three years.

1 Sec. 490D.033. APPLICATION. (a) A regional partnership,
2 as described by Section 490D.032, may apply for a grant under this
3 subchapter in the manner prescribed by the commission.

4 (b) The grant application must require the applicant to
5 provide to the commission the applicant's plan to continue to
6 operate the training program after the grant expires.

7 Sec. 490D.034. ADDITIONAL CONSIDERATIONS IN AWARDING
8 GRANTS. In addition to the factors described by Sections 490D.032
9 and 490D.033, in determining whether to award a grant to an
10 applicant under this subchapter, the commission shall give
11 preference to a training program that provides certification to a
12 worker who receives green job skills training under the program.

13 Sec. 490D.035. STANDARDS. The commission by rule shall
14 adopt standards for a green job skills training program awarded a
15 grant under this subchapter.

16 SECTION 3. Section 386.051(b), Health and Safety Code, is
17 amended to read as follows:

18 (b) Under the plan, the commission and the comptroller shall
19 provide grants or other funding for:

20 (1) the diesel emissions reduction incentive program
21 established under Subchapter C, including for infrastructure
22 projects established under that subchapter;

23 (2) the motor vehicle purchase or lease incentive
24 program established under Subchapter D;

25 (3) the new technology research and development
26 program established under Chapter 387; ~~and~~

27 (4) the clean school bus program established under

1 Chapter 390; and

2 (5) emissions management districts under Chapter 391.

3 SECTION 4. Section 386.252(c), Health and Safety Code, is
4 amended to read as follows:

5 (c) Money in the fund may be allocated to the clean school
6 bus program and emissions management districts only if:

7 (1) the money is available for that purpose after
8 money is allocated for the other purposes of the fund as required by
9 the state implementation plan; or

10 (2) the amount of money deposited to the credit of the
11 fund in a state fiscal year exceeds the amount the comptroller's
12 biennial revenue estimate shows as the comptroller's estimated
13 amount to be deposited to the credit of the fund in that year.

14 SECTION 5. Subtitle C, Title 5, Health and Safety Code, is
15 amended by adding Chapter 391 to read as follows:

16 CHAPTER 391. EMISSIONS MANAGEMENT PROJECT FINANCING THROUGH

17 CONTRACTUAL ASSESSMENTS

18 SUBCHAPTER A. GENERAL PROVISIONS

19 Sec. 391.001. DEFINITIONS. In this chapter:

20 (1) "Board" means a district's board of directors.

21 (2) "Director" means a board member.

22 (3) "District" means an emissions management district
23 created under this chapter.

24 (4) "Emissions management project" means:

25 (A) a renewable energy system; or

26 (B) an energy efficiency improvement.

27 (5) "Energy efficiency improvement" means an

1 installation or modification that is designed to reduce energy
2 consumption in a residential or commercial building, including:

3 (A) insulation in walls, roofs, floors, and
4 foundations and in heating and cooling distribution systems;

5 (B) storm windows and doors, multiglazed windows
6 and doors, heat-absorbing or heat-reflective glazed and coated
7 window and door systems, additional glazing, reductions in glass
8 area, and other window and door system modifications that reduce
9 energy consumption;

10 (C) automatic energy control systems;

11 (D) heating, ventilating, or air conditioning
12 and distribution system modifications or replacements in a building
13 or central plant;

14 (E) caulking and weather-stripping;

15 (F) replacement or modification of lighting
16 fixtures to increase the energy efficiency of the system;

17 (G) energy recovery systems; and

18 (H) systems to increase the use of natural
19 daylight for interior lighting.

20 (6) "Local government" mean a municipality or a
21 county.

22 (7) "Renewable energy system" means a fixture,
23 product, device, or interacting group of fixtures, products, or
24 devices that produces or uses energy from renewable resources and
25 is capable of being installed for use in a commercial or residential
26 building, including a system designed to generate electricity for
27 use in the building and to be installed on the customer's side of

1 the electric utility meter. The term includes:

2 (A) a photovoltaic generating system;

3 (B) a solar thermal system;

4 (C) a small wind generation system;

5 (D) a biomass energy system; and

6 (E) a geothermal energy system.

7 [Sections 391.002-391.050 reserved for expansion]

8 SUBCHAPTER B. CREATION OF DISTRICT

9 Sec. 391.051. ORDINANCE OR ORDER CREATING DISTRICT. (a) The
10 governing body of a local government by ordinance or order may
11 establish a district under this chapter.

12 (b) The ordinance or order establishing the district must
13 designate:

14 (1) the district's territory as a defined area inside
15 the local government's boundaries in which property owners are
16 eligible to participate in contractual assessment agreements with
17 the district, which area may include all or any portion of the area
18 inside the local government's boundaries;

19 (2) five individuals to be the initial directors;

20 (3) the kinds of emissions management projects
21 eligible for financing by the district; and

22 (4) the date and time of a hearing on the creation of
23 the district.

24 Sec. 391.052. NATURE OF DISTRICT. A district is a special
25 district and a political subdivision of the state.

26 [Sections 391.053-391.100 reserved for expansion]

1 SUBCHAPTER C. GOVERNANCE

2 Sec. 391.101. BOARD OF DIRECTORS. The district is governed
3 by the board of five directors appointed by the governing body of
4 the local government.

5 Sec. 391.102. TERMS. Directors serve staggered two-year
6 terms, with two or three directors' terms expiring June 1 of each
7 year.

8 Sec. 391.103. QUALIFICATIONS OF DIRECTOR. To be qualified
9 to serve as a director, a person must be at least 18 years old and be
10 a resident of the district.

11 Sec. 391.104. VACANCIES; QUORUM. (a) A board vacancy is
12 filled in the same manner as the original appointment.

13 (b) A vacant board position is not counted for the purposes
14 of establishing a quorum of the board.

15 Sec. 391.105. CONFLICTS OF INTEREST. Chapter 171, Local
16 Government Code, governs conflicts of interest for directors.

17 Sec. 391.106. COMPENSATION. (a) For purposes of this
18 section, "performs the duties of a director" means substantial
19 performance of the management of the district's business, including
20 participation in board and committee meetings and other activities
21 involving the substantive deliberation of district business and in
22 pertinent educational programs, but does not include routine or
23 ministerial activities such as the execution of documents or
24 self-preparation for meetings.

25 (b) A local government is authorized to compensate a
26 director when the director performs the duties of a director. The
27 local government shall compensate a director not more than \$50 a day

1 for each day the director performs the duties of a director.

2 Sec. 391.107. DIRECTOR'S BOND AND OATH. (a) As soon as
3 practicable after a director is appointed, the director shall
4 execute a \$10,000 bond payable to the district and conditioned on
5 the faithful performance of the director's duties.

6 (b) Each director's bond must be approved by the board, and
7 each director shall take the oath of office prescribed by the
8 constitution for public officers.

9 (c) The bond and oath shall be filed with the district and
10 retained in its records.

11 Sec. 391.108. OFFICERS. After directors are appointed and
12 have qualified by executing a bond and taking the oath, they shall
13 organize by electing a president, a vice president, a secretary,
14 and any other officers the board considers necessary.

15 Sec. 391.109. RULES. The board may adopt rules to
16 administer and operate the district.

17 [Sections 391.110-391.150 reserved for expansion]

18 SUBCHAPTER D. POWERS AND DUTIES

19 Sec. 391.151. GENERAL POWERS AND DUTIES. A district may:

20 (1) guarantee or otherwise secure loans for the
21 purchase and installation of an emissions management project;

22 (2) enter into contractual assessment agreements
23 under Section 391.152 to finance the purchase and installation of
24 an emissions management project;

25 (3) make other innovative arrangements to finance the
26 purchase and installation of an emissions management project;

27 (4) lease equipment and materials for an emissions

1 management project to a property owner;

2 (5) issue bonds to finance district purposes under
3 Subchapter E; and

4 (6) apply for grants or other funding under the Texas
5 emissions reduction plan under Chapter 386.

6 Sec. 391.152. CONTRACTUAL ASSESSMENT AGREEMENTS. (a) A
7 district may enter into a contractual assessment agreement with an
8 owner of property in the area designated by the local government in
9 an order or ordinance under Section 391.051 to finance the purchase
10 and installation of an emissions management project for the owner's
11 property.

12 (b) The board by rule shall establish the terms of an
13 agreement under this chapter, including:

14 (1) the term of the assessments; and

15 (2) the rate of interest on the assessments.

16 (c) A contract under this section may allow the property
17 owner to directly:

18 (1) purchase the equipment and materials for the
19 installation of a renewable energy system or an energy efficiency
20 improvement; and

21 (2) contract for the installation of a renewable
22 energy system or energy efficiency improvement.

23 Sec. 391.153. ASSESSMENT ROLL. After the district and a
24 property owner enter into a contractual assessment agreement, the
25 board shall levy the assessments against the property. The board
26 shall have an assessment roll prepared showing the assessments
27 against each property. The assessment roll shall be filed with the

1 secretary of the board or other officer who performs the function of
2 secretary and be open for public inspection.

3 Sec. 391.154. INTEREST ON ASSESSMENTS; LIEN. (a)
4 Assessments bear interest at a rate specified by the board that may
5 not exceed the interest rate permitted under Chapter 1204,
6 Government Code.

7 (b) Interest on an assessment between the effective date of
8 the contract and the date the first installment and any related
9 penalty is payable shall be added to the first installment. The
10 interest or penalties on all unpaid installments shall be added to
11 each subsequent installment until paid.

12 (c) An assessment and any interest and penalties on that
13 assessment is a lien against the property until paid.

14 (d) The owner of any property assessed may at any time pay
15 the entire assessment against any lot or parcel with interest
16 accrued to the date of the payment.

17 Sec. 391.155. SUPPLEMENTAL ASSESSMENTS. After notice and
18 hearing in the manner required for original assessments, the board
19 may make supplemental assessments to correct an omission or mistake
20 in an assessment:

21 (1) relating to the total cost of the improvement
22 project or services; or

23 (2) covering delinquencies or costs of collection.

24 Sec. 391.156. NO EMINENT DOMAIN. A district may not
25 exercise the power of eminent domain.

26 [Sections 391.157-391.200 reserved for expansion]

SUBCHAPTER E. BONDS

1
2 Sec. 391.201. GENERAL OBLIGATION AND REVENUE BONDS. For the
3 payment of all or part of the costs of financing the purchase and
4 installation of emissions management projects, the board may issue
5 bonds in one or more series payable from and secured by assessments,
6 Texas emissions reduction plan grants or other funding, revenues,
7 grants, gifts, contracts, leases, or any combination of those
8 funds. Bonds may be liens on all or part of the revenue derived from
9 improvements authorized under this chapter, including installment
10 payments of special assessments, or from any other source pledged
11 to the payment of the bonds.

12 Sec. 391.202. TERMS AND CONDITIONS OF BONDS. (a) Bonds may
13 be issued to mature serially or otherwise not more than 40 years
14 from their date of issue. Provision may be made for the subsequent
15 issuance of additional parity bonds or subordinate lien bonds under
16 terms or conditions that may be stated in the order or resolution
17 authorizing the issuance of the bonds.

18 (b) The bonds are negotiable instruments within the meaning
19 and for purposes of the Business & Commerce Code.

20 (c) The bonds may be issued registrable as to principal
21 alone or as to both principal and interest, shall be executed, may
22 be made redeemable before maturity, may be issued in the form,
23 denominations, and manner and under the terms, conditions, and
24 details, may be sold in the manner, at the price, and under the
25 terms, and shall bear interest at the rates as determined and
26 provided in the order or resolution authorizing the issuance of the
27 bonds.

1 (d) Bonds may bear interest and may be issued in accordance
2 with Chapters 1201, 1204, and 1371, Government Code, and
3 Subchapters A-C, Chapter 1207, Government Code.

4 (e) If provided by the bond order or resolution, the
5 proceeds from the sale of bonds may be used to pay interest on the
6 bonds during and after the period of the acquisition or
7 construction of any emissions management project to be provided
8 through the issuance of the bonds, to pay administrative and
9 operation expenses to create a reserve fund for the payment of the
10 principal of and interest on the bonds, and to create any other
11 funds. The proceeds of the bonds may be placed on time deposit or
12 invested, until needed, in securities in the manner provided by the
13 bond order or resolution.

14 Sec. 391.203. PLEDGES. (a) The board may pledge all or part
15 of the income or assessments from emissions management projects
16 financed under this chapter or from any other source to the payment
17 of the bonds, including the payment of principal, interest, and any
18 other amounts required or permitted in connection with the bonds.
19 The pledged income shall be set and collected in amounts that will
20 be at least sufficient, with any other pledged resources, to
21 provide for all payments of principal, interest, and any other
22 amounts required in connection with the bonds and, to the extent
23 required by the order or resolution authorizing the issuance of the
24 bonds, to provide for the payment of expenses in connection with the
25 bonds and to pay operation, maintenance, and other expenses in
26 connection with the emissions management projects authorized under
27 this chapter.

1 (b) Bonds may be additionally secured by a mortgage or deed
2 of trust on real property relating to the emissions management
3 projects authorized under this chapter owned or to be acquired by
4 the district and by chattel mortgages, liens, or security interests
5 on personal property appurtenant to that real property. The board
6 may authorize the execution of trust indentures, mortgages, deeds
7 of trust, or other forms of encumbrance to evidence the
8 indebtedness.

9 (c) The board may pledge to the payment of the bonds all or
10 any part of any grant, donation, revenues, or income received or to
11 be received from the United States government or any other public or
12 private source.

13 Sec. 391.204. REFUNDING BONDS. (a) Bonds issued under this
14 chapter may be refunded or otherwise refinanced by the issuance of
15 refunding bonds under terms or conditions determined by order or
16 resolution of the board. Refunding bonds may be issued in amounts
17 necessary to pay the principal of and interest and redemption
18 premium, if any, on bonds to be refunded, at maturity or on any
19 redemption date, and to provide for the payment of costs incurred in
20 connection with the refunding.

21 (b) The refunding bonds shall be issued in the manner
22 provided by this chapter for other bonds.

23 Sec. 391.205. APPROVAL BY ATTORNEY GENERAL; REGISTRATION.

24 (a) The district shall submit bonds and the appropriate proceedings
25 authorizing their issuance to the attorney general for examination.

26 (b) If the bonds recite that they are secured by a pledge of
27 assessments, revenues, or rentals from a contract or lease, the

1 district also shall submit to the attorney general a copy of the
2 pledge, contract, or lease and the proceedings relating to it.

3 (c) If the attorney general finds that the bonds have been
4 authorized and any assessment, contract, or lease has been made in
5 accordance with law, the attorney general shall approve the bonds
6 and the assessment, contract, or lease, and the bonds shall be
7 registered by the comptroller.

8 (d) After approval and registration, the bonds and any
9 assessment, contract, or lease relating to them are incontestable
10 in any court or other forum for any reason and are valid and binding
11 obligations for all purposes in accordance with their terms.

12 Sec. 391.206. AUTHORIZED INVESTMENTS; SECURITY. (a)
13 District bonds are legal and authorized investments for:

14 (1) banks, trust companies, and savings and loan
15 associations;

16 (2) insurance companies;

17 (3) fiduciaries, trustees, and guardians; and

18 (4) all interest and sinking funds and other public
19 funds of the state and agencies, subdivisions, and
20 instrumentalities of the state, including counties,
21 municipalities, towns, villages, school districts, and all other
22 kinds and types of districts, public agencies, and bodies politic.

23 (b) District bonds are eligible and lawful security for
24 deposits of counties, municipalities, towns, villages, school
25 districts, and all other kinds and types of districts, public
26 agencies, and bodies politic, to the extent of the market value of
27 the bonds, when accompanied by any unmatured interest coupons

1 appurtenant to the bonds.

2 Sec. 391.207. LOCAL GOVERNMENT APPROVAL. (a) A district
3 must obtain the approval of the governing body of the local
4 government in which it is located for bond issues for emissions
5 management projects.

6 (b) Except as provided by Section 391.253, a local
7 government is not obligated to pay any bonds, notes, or other
8 obligations of the district.

9 [Sections 391.208-391.250 reserved for expansion]

10 SUBCHAPTER F. DISSOLUTION

11 Sec. 391.251. DISSOLUTION BY BOARD VOTE. Except as limited
12 by Section 391.253, the board by majority vote may dissolve the
13 district at any time.

14 Sec. 391.252. DISSOLUTION BY LOCAL GOVERNMENT. (a) Except
15 as limited by Section 391.253, the governing body of a local
16 government that created the district, by a vote of not less than
17 two-thirds of its membership, may by official action dissolve the
18 district.

19 (b) On the adoption of the ordinance or order, the district
20 is dissolved, and the local government succeeds to the property and
21 assets of the district and assumes all bonds, debts, obligations,
22 and liabilities of the district.

23 Sec. 391.253. LIMITATION. A district may not be dissolved
24 by its board or by a local government if the district has any
25 outstanding bonded indebtedness until that bonded indebtedness has
26 been repaid or defeased in accordance with the order or resolution
27 authorizing the issuance of the bonds.

1 SECTION 6. Section 372.003(b), Local Government Code, is
2 amended to read as follows:

3 (b) A public improvement project may include:

4 (1) landscaping;

5 (2) erection of fountains, distinctive lighting, and
6 signs;

7 (3) acquiring, constructing, improving, widening,
8 narrowing, closing, or rerouting of sidewalks or of streets, any
9 other roadways, or their rights-of-way;

10 (4) construction or improvement of pedestrian malls;

11 (5) acquisition and installation of pieces of art;

12 (6) acquisition, construction, or improvement of
13 libraries;

14 (7) acquisition, construction, or improvement of
15 off-street parking facilities;

16 (8) acquisition, construction, improvement, or
17 rerouting of mass transportation facilities;

18 (9) acquisition, construction, or improvement of
19 water, wastewater, or drainage facilities or improvements;

20 (10) the establishment or improvement of parks;

21 (11) projects similar to those listed in Subdivisions
22 (1)-(10);

23 (12) acquisition, by purchase or otherwise, of real
24 property in connection with an authorized improvement;

25 (13) special supplemental services for improvement
26 and promotion of the district, including services relating to
27 advertising, promotion, health and sanitation, water and

1 wastewater, renewable energy and energy efficiency, public safety,
2 security, business recruitment, development, recreation, and
3 cultural enhancement; [~~and~~]

4 (14) payment of expenses incurred in the
5 establishment, administration, and operation of the district; and

6 (15) acquisition, installation, or improvement of
7 renewable energy and energy efficiency improvements.

8 SECTION 7. Section 375.112(a), Local Government Code, is
9 amended to read as follows:

10 (a) An improvement project or services provided by the
11 district may include the construction, acquisition, improvement,
12 relocation, operation, maintenance, or provision of:

13 (1) landscaping; lighting, banners, and signs;
14 streets and sidewalks; pedestrian skywalks, crosswalks, and
15 tunnels; seawalls; marinas; drainage and navigation improvements;
16 pedestrian malls; solid waste, water, sewer, and power facilities,
17 including electrical, gas, steam, cogeneration, and chilled water
18 facilities; renewable energy and energy efficiency improvements;
19 parks, plazas, lakes, rivers, bayous, ponds, and recreation and
20 scenic areas; historic areas; fountains; works of art; off-street
21 parking facilities, bus terminals, heliports, and mass transit
22 systems; and the cost of any demolition in connection with
23 providing any of the improvement projects;

24 (2) other improvements similar to those described in
25 Subdivision (1);

26 (3) the acquisition of real property or any interest
27 in real property in connection with an improvement, project, or

1 services authorized by this chapter, Chapter 54, Water Code, or
2 Chapter 365 or 441, Transportation Code;

3 (4) special supplemental services for advertising,
4 economic development, promoting the area in the district, health
5 and sanitation, public safety, maintenance, security, business
6 recruitment, development, elimination or relief of traffic
7 congestion, recreation, and cultural enhancement; and

8 (5) expenses incurred in the establishment,
9 administration, maintenance, and operation of the district or any
10 of its improvements, projects, or services.

11 SECTION 8. Subchapter Z, Chapter 39, Utilities Code, is
12 amended by adding Section 39.9155 to read as follows:

13 Sec. 39.9155. SOLAR GENERATION INCENTIVE PROGRAM. (a) It is
14 the goal of the legislature that electric utilities administer
15 incentive programs for residential, commercial, and industrial
16 customers to increase the amount of solar generation installed in
17 this state in a cost-effective, market-neutral, and
18 nondiscriminatory manner, with a goal of installing at least 3,000
19 megawatts of solar generation in this state by 2020, at least 1,000
20 megawatts of which must be distributed generation.

21 (b) The commission by rule shall:

22 (1) establish a solar generation incentive program, to
23 be implemented by electric utilities, municipally owned electric
24 utilities, and electric cooperatives;

25 (2) oversee the implementation of the program required
26 by Subdivision (1); and

27 (3) establish procedures to achieve the goal

1 established by Subsection (a).

2 (c) The rules adopted under Subsection (b) must include
3 provisions for:

4 (1) a solar generation cost recovery factor to ensure
5 timely and reasonable cost recovery for electric utility
6 expenditures under this section;

7 (2) recovery of the cost of electric utility programs
8 through nonbypassable fees of not less than \$0.000636 per kilowatt
9 hour for residential, commercial, and industrial customers;

10 (3) awarding incentive rebates in the first year of
11 the program of not less than:

12 (A) \$2.40 per watt for residential installation;

13 (B) \$1.50 per watt for commercial installation;

14 or

15 (C) \$1.10 per watt for industrial installation;

16 (4) reducing the rebate amounts by not less than seven
17 percent annually;

18 (5) eliminating the incentive provided by electric
19 utilities under this subsection on the date the goals established
20 by Subsection (a) are achieved; and

21 (6) allowing a utility to collect up to five percent of
22 the awarded incentives for administrative costs.

23 (d) Electric utilities may not provide incentives under
24 this section for solar generation that is installed after the 10th
25 anniversary of the date on which the commission by rule establishes
26 the program required by this section.

27 SECTION 9. Section 386.051(b), Health and Safety Code, is

1 amended to read as follows:

2 (b) Under the plan, the commission and the comptroller shall
3 provide grants or other funding for:

4 (1) the diesel emissions reduction incentive program
5 established under Subchapter C, including for infrastructure
6 projects established under that subchapter;

7 (2) the motor vehicle purchase or lease incentive
8 program established under Subchapter D;

9 (3) the new technology research and development
10 program established under Chapter 387; ~~and~~

11 (4) the clean school bus program established under
12 Chapter 390; and

13 (5) the plug-in hybrid motor vehicle rebate program
14 established under Subchapter G.

15 SECTION 10. Section 386.252(a), Health and Safety Code, is
16 amended to read as follows:

17 (a) Money in the fund may be used only to implement and
18 administer programs established under the plan and shall be
19 allocated as follows:

20 (1) for the diesel emissions reduction incentive
21 program, 87.5 percent of the money in the fund, of which not more
22 than four percent may be used for the clean school bus program,
23 ~~and~~ not more than 10 percent may be used for on-road diesel
24 purchase or lease incentives, and a portion determined by the
25 commission may be used for light-duty plug-in hybrid motor vehicle
26 rebates;

27 (2) for the new technology research and development

1 program, 9.5 percent of the money in the fund, of which up to
2 \$250,000 is allocated for administration, up to \$200,000 is
3 allocated for a health effects study, \$500,000 is to be deposited in
4 the state treasury to the credit of the clean air account created
5 under Section 382.0622 to supplement funding for air quality
6 planning activities in affected counties, not less than 20 percent
7 is to be allocated each year to support research related to air
8 quality for the Houston-Galveston-Brazoria and Dallas-Fort Worth
9 nonattainment areas by a nonprofit organization based in Houston of
10 which \$216,000 each year shall be contracted to the Energy Systems
11 Laboratory at the Texas Engineering Experiment Station for the
12 development and annual calculation of creditable statewide
13 emissions reductions obtained through wind and other renewable
14 energy resources for the State Implementation Plan, and the balance
15 is to be allocated each year to a nonprofit organization or an
16 institution of higher education based in Houston to be used to
17 implement and administer the new technology research and
18 development program under a contract with the commission for the
19 purpose of identifying, testing, and evaluating new
20 emissions-reducing technologies with potential for
21 commercialization in this state and to facilitate their
22 certification or verification; and

23 (3) for administrative costs incurred by the
24 commission and the laboratory, three percent of the money in the
25 fund.

26 SECTION 11. Chapter 386, Health and Safety Code, is amended
27 by adding Subchapter G to read as follows:

1 SUBCHAPTER G. PLUG-IN HYBRID MOTOR VEHICLE REBATE PROGRAM

2 Sec. 386.301. DEFINITIONS. In this subchapter:

3 (1) "Light-duty motor vehicle" and "motor vehicle"
4 have the meanings assigned by Section 386.151.

5 (2) "Plug-in hybrid motor vehicle" means a vehicle
6 that:

7 (A) draws motive power from a battery that:

8 (i) has a capacity of at least four
9 kilowatt-hours; and

10 (ii) can be recharged from an external
11 source of electricity; and

12 (B) is a light-duty motor vehicle.

13 Sec. 386.302. COMMISSION DUTIES REGARDING PLUG-IN HYBRID
14 MOTOR VEHICLE REBATE PROGRAM. (a) The commission shall develop a
15 rebate program for plug-in hybrid motor vehicles and shall adopt
16 rules necessary to implement the program.

17 (b) The program shall authorize statewide rebates for the
18 purchase of new plug-in hybrid motor vehicles for a purchaser who
19 agrees to register the vehicle in this state and operate the vehicle
20 in this state for not less than 75 percent of the vehicle's annual
21 mileage.

22 (c) Only one rebate may be provided for each new plug-in
23 hybrid motor vehicle.

24 Sec. 386.303. PLUG-IN HYBRID MOTOR VEHICLE REBATE. A new
25 plug-in hybrid motor vehicle is eligible for a \$4,000 rebate.

26 Sec. 386.304. MODIFICATION OF REBATE. After evaluating new
27 technologies, the commission may change the rebate established by

1 Section 386.303 to improve the ability of the program to achieve its
2 goals, including a phaseout of the rebate based on the level of
3 market saturation of each vehicle, consistent with federal
4 regulations governing the phaseout, if any, of incentives for
5 hybrid vehicles.

6 Sec. 386.305. MANUFACTURER'S REPORT. Not later than July 1
7 of each year and before the beginning of the manufacturer's vehicle
8 model year, a manufacturer of motor vehicles shall provide to the
9 commission a list of the new plug-in hybrid motor vehicle models
10 that the manufacturer intends to sell in this state during that
11 model year. The manufacturer may supplement the list provided to
12 the commission under this section as necessary to include
13 additional new plug-in hybrid motor vehicle models the manufacturer
14 intends to sell in this state during the model year.

15 Sec. 386.306. LIST OF ELIGIBLE VEHICLES. (a) On August 1 of
16 each year, the commission shall publish a list of the new model
17 plug-in hybrid motor vehicles as listed for the commission under
18 Section 386.305. The commission shall publish and supplement that
19 list as necessary to include additional new plug-in hybrid motor
20 vehicle models listed in a supplement to the original list provided
21 by a manufacturer under Section 386.305.

22 (b) The commission shall distribute the list of eligible
23 plug-in hybrid motor vehicles to all new motor vehicle dealers in
24 this state.

25 Sec. 386.307. COMMISSION TO ACCOUNT FOR REBATES. (a) The
26 commission by rule shall develop a method to administer and account
27 for the plug-in hybrid motor vehicle rebates authorized by this

1 subchapter and to pay rebates to the purchaser of a new plug-in
2 hybrid motor vehicle on application of the purchaser as provided by
3 this subchapter.

4 (b) The commission shall develop and publish forms and
5 instructions for the purchaser of a new plug-in hybrid motor
6 vehicle to use in applying to the commission for a rebate under this
7 subchapter. The commission shall make the forms available to new
8 motor vehicle dealers. Dealers shall make the forms available to
9 their prospective purchasers.

10 (c) In addition to other forms developed and published under
11 this section, the commission shall develop and publish a
12 verification form by which, with information provided by the
13 dealer, the commission can verify the sale of a vehicle covered by
14 this subchapter. The verification form must include at least the
15 name of the purchaser, the vehicle identification number of the
16 vehicle involved, the date of the purchase, and the name of the new
17 motor vehicle dealer involved in the transaction. At the time of
18 sale of a vehicle eligible for a rebate under this subchapter, the
19 dealer shall complete the verification form supplied to the dealer
20 by the commission. The purchaser must include the completed
21 verification form as part of the purchaser's application for a
22 rebate. The dealer shall maintain a copy of the completed
23 verification form for at least two years from the date of the
24 transaction.

25 Sec. 386.308. SUSPENSION OF REBATES. (a) The commission
26 shall keep a record of plug-in hybrid motor vehicle rebate
27 applications and payments.

1 (b) If the balance of the money in the fund available for
2 plug-in hybrid motor vehicle rebates falls below 15 percent of the
3 total amount allocated for the rebates during a fiscal year, the
4 commission may suspend the rebates until the date the commission
5 can certify that the balance available in the fund for rebates is an
6 amount adequate to resume the rebates or until the beginning of the
7 next fiscal year, whichever is earlier. If the commission suspends
8 the rebates, the commission shall immediately notify all new motor
9 vehicle dealers that the rebates have been suspended.

10 (c) The commission shall establish a toll-free telephone
11 number available to motor vehicle dealers to call to verify that
12 rebates are available. The commission may provide for issuing
13 verification numbers over the telephone.

14 (d) Reliance by a dealer on information provided by the
15 commission is a complete defense to an action involving or based on
16 eligibility of a vehicle for a rebate or availability of vehicles
17 eligible for a rebate.

18 SECTION 12. Section 490.102, Government Code, is
19 amended to read as follows:

20 Sec. 490.102. ALLOCATION OF FUND. (a) Money appropriated to
21 the fund by the legislature, less amounts necessary to administer
22 the fund under Section 490.055, shall be allocated as follows:

23 (1) 50 percent of the money for incentives for
24 collaboration between certain entities as provided by Subchapter D;

25 (2) 16.67 percent of the money for research award
26 matching as provided by Subchapter E.

27 (3) 33.33 percent of the money for acquisition of

1 research superiority as provided by Subchapter F. No less than 70
2 percent of the funding allocated to research superiority should be
3 dedicated to the area of clean energy.

4 (b) The governor may reallocate money from one component of
5 the fund to another component subject to the prior approval of the
6 lieutenant governor and speaker of the house of representatives.

7 SECTION 13. Chapter 61, Education Code, is amended by
8 adding Subchapter FF to read as follows:

9 SUBCHAPTER FF. TEXAS COMPETITIVE KNOWLEDGE FUNDING

10 Sec. 61.9771. DEFINITIONS. In this subchapter:

11 (1) "Eligible institution" means an institution of higher
12 education designed as a research university or emerging research
13 university under the board's accountability system.

14 Sec. 61.9772. PURPOSE. The purpose of this subchapter is to
15 provide funding to research universities and emerging research
16 universities for the recruitment and retention of highly qualified
17 faculty and the enhancement of research productivity at those
18 universities.

19 Sec. 61.9773. FUNDING. (a) For each state fiscal year, the
20 board shall distribute any funds appropriated by the legislature
21 for the purposes of this subchapter, and any other funds made
22 available for the purposes of this subchapter, to eligible
23 institutions as follows:

24 (1) 80 percent to be distributed among eligible
25 institutions based on the average amount of total research funds
26 expended by each institution annually during the three most recent
27 state fiscal years, according to the following rates:

1 (A) \$1 million for every \$10 million of the
2 average annual amount of those research funds expended by the
3 institution in areas other than renewable energy or energy storage,
4 if the average annual amount of total research funds expended by the
5 institution is \$50 million or more; and

6 (B) \$4 million for every \$10 million of the
7 average annual amount of those research funds expended by the
8 institution in the areas of renewable energy and energy storage, if
9 the average annual amount of total research funds expended by the
10 institution is \$50 million or more; and

11 (2) 10 percent to be distributed among eligible
12 institutions in proportion to the average number of degrees awarded
13 by each institution annually during the two most recent state
14 fiscal years; and

15 (3) 10 percent to be distributed among eligible
16 institutions in proportion to the percentage increase, if any, in
17 the average number of degrees awarded by each institution annually
18 in the two most recent fiscal years from the average number of
19 degrees awarded by that institution annually in the two fiscal
20 years immediately preceding those fiscal years.

21 (c) For purposes of Subsection (a)(1), "Energy Storage"
22 means any device or facility capable of storing electricity that
23 was either taken off of the grid or recently generated for the
24 purpose of future use or distribution.

25 (d) For the purposes of Subsection (a)(1), "Renewable
26 Energy" means energy generated using technology that relies on an
27 energy source that is naturally regenerated over a short time and

1 derived directly from the sun, indirectly from the sun, or from
2 moving water or other natural movements and mechanisms of the
3 environment. Renewable energy technologies include those that rely
4 on energy derived directly from the sun, on wind, geothermal,
5 hydroelectric, wave, or tidal energy, or on biomass or
6 biomass-based waste products, including landfill gas. For the
7 purposes of this section, any energy derived from fossil fuels used
8 in the generation process must be less than 25% of the total energy
9 generated by that process.

10 (e) For purposes of Subsection (a)(1), the amount of
11 restricted research funds expended by an eligible institution in a
12 state fiscal year is the amount of those funds as reported to the
13 board by the institution for that fiscal year, subject to any
14 adjustment by the board in accordance with the standards and
15 accounting methods the board prescribes for purposes of this
16 section. If the funds available for distribution for a state fiscal
17 year under Subsection (a)(1) are not sufficient to provide the
18 amount specified by Subsection (a)(1) for each eligible institution
19 or exceed the amount sufficient for that purpose, the available
20 amount shall be distributed in proportion to the total amount to
21 which each institution is otherwise entitled under Subsection
22 (a)(1).

23 SECTION 14. The Texas Workforce Commission shall adopt
24 rules for the program under Subchapter C, Chapter 490D, Government
25 Code, as added by this Act, not later than March 1, 2010.

26 SECTION 15. Implementation of the program under Subchapter
27 C, Chapter 490D, Government Code, as added by this Act, is

1 contingent on appropriation of funding by the legislature.

2 SECTION 16. As soon as practicable after the effective date
3 of this Act, but not later than January 1, 2010, the Public Utility
4 Commission of Texas shall adopt rules establishing the solar
5 generation incentive program required by Section 39.9155,
6 Utilities Code, as added by this Act.

7 SECTION 17. Not later than January 1, 2010, the Texas
8 Commission on Environmental Quality shall adopt rules under
9 Subchapter G, Chapter 386, Health and Safety Code, as added by this
10 Act.

11 SECTION 18. This Act takes effect September 1, 2009.

12 SECTION 19. The Texas Higher Education Coordinating Board
13 shall adopt rules relating to the administration of Subchapter FF,
14 Chapter 61, Education Code, as added by this Act, as soon as
15 practicable after the effective date of this Act.

16 SECTION 20. This act takes effect September 1, 2009.