

1-1 By: Fraser, et al. S.B. No. 527  
1-2 (In the Senate - Filed February 7, 2011; February 17, 2011,  
1-3 read first time and referred to Committee on Natural Resources;  
1-4 March 14, 2011, reported adversely, with favorable Committee  
1-5 Substitute by the following vote: Yeas 9, Nays 0; March 14, 2011,  
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 527 By: Fraser

1-8 A BILL TO BE ENTITLED  
1-9 AN ACT

1-10 relating to projects funded through the Texas emissions reduction  
1-11 plan.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Subsection (b), Section 386.051, Health and  
1-14 Safety Code, is amended to read as follows:

1-15 (b) Under the plan, the commission and the comptroller shall  
1-16 provide grants or other funding for:

1-17 (1) the diesel emissions reduction incentive program  
1-18 established under Subchapter C, including for infrastructure  
1-19 projects established under that subchapter;

1-20 (2) the motor vehicle purchase or lease incentive  
1-21 program established under Subchapter D;

1-22 (3) the air quality research support [new technology  
1-23 research and development] program established under Chapter 387;

1-24 (4) the clean school bus program established under  
1-25 Chapter 390; ~~and~~

1-26 (5) the new technology implementation grant program  
1-27 established under Chapter 391;

1-28 (6) the regional air monitoring program established  
1-29 under Section 386.252(a)(5);

1-30 (7) a health effects study as provided by Section  
1-31 386.252(a)(7);

1-32 (8) air quality planning activities as provided by  
1-33 Section 386.252(a)(8); and

1-34 (9) a contract with the Energy Systems Laboratory at  
1-35 the Texas Engineering Experiment Station for computation of  
1-36 creditable statewide emissions reductions as provided by Section  
1-37 386.252(a)(9).

1-38 SECTION 2. Subsection (a), Section 386.108, Health and  
1-39 Safety Code, is amended to read as follows:

1-40 (a) The commission shall provide funding under Section  
1-41 386.252(a) [386.252(a)(1)] for infrastructure projects.

1-42 SECTION 3. Subsection (a), Section 386.252, Health and  
1-43 Safety Code, as amended by Chapters 1125 (H.B. 1796) and 1232 (S.B.  
1-44 1759), Acts of the 81st Legislature, Regular Session, 2009, is  
1-45 reenacted and amended to read as follows:

1-46 (a) Money in the fund may be used only to implement and  
1-47 administer programs established under the plan and the total  
1-48 appropriation shall be allocated as follows:

1-49 (1) ~~[for the diesel emissions reduction incentive~~  
1-50 ~~program, 87.5 percent of the money in the fund, of which:~~

1-51 ~~[(A)]~~ not more than four percent may be used for  
1-52 the clean school bus program;

1-53 (2) ~~[(B)]~~ not more than 10 percent may be used for  
1-54 on-road diesel purchase or lease incentives; ~~and~~

1-55 (3) ~~[(C)]~~ a specified amount may be used for the new  
1-56 technology implementation grant program, from which a defined  
1-57 amount may be set aside for electricity storage projects related to  
1-58 renewable energy;

1-59 (4) five percent shall be used for the clean fleet  
1-60 program;

1-61 (5) not less than \$3 million or more than \$7 million  
1-62 shall be allocated in 2012 and 2013 and not less than \$1 million or  
1-63 more than \$3 million shall be allocated in 2014 and in subsequent

2-1 years to fund a regional air monitoring program in commission  
 2-2 Regions 3 and 4 to be implemented under the commission's oversight,  
 2-3 including direction regarding the type, number, location, and  
 2-4 operation of, and data validation practices for, monitors funded by  
 2-5 the program through a regional nonprofit entity located in North  
 2-6 Texas having representation from counties, municipalities, higher  
 2-7 education institutions, and private sector interests across the  
 2-8 area;

2-9 (6) a specified amount is to be allocated each year to  
 2-10 support research related to air quality as provided by Chapter 387;

2-11 ~~(7) [(2) for the new technology research and~~  
 2-12 ~~development program, nine percent of the money in the fund, of~~  
 2-13 ~~which:~~

2-14 ~~[(A)] up to \$200,000 is allocated for a health~~  
 2-15 ~~effects study;~~

2-16 (8) up to ~~[(B)]~~ \$500,000 is to be deposited in the  
 2-17 state treasury to the credit of the clean air account created under  
 2-18 Section 382.0622 to supplement funding for air quality planning  
 2-19 activities in affected counties;

2-20 (9) \$216,000 is allocated to the commission to  
 2-21 ~~[(C) not less than 20 percent is to be allocated each year to~~  
 2-22 ~~support research related to air quality as provided by Section~~  
 2-23 ~~387.010; and~~

2-24 ~~[(D) the balance is allocated each year to the~~  
 2-25 ~~commission to be used to:~~

2-26 ~~[(i) implement and administer the new~~  
 2-27 ~~technology research and development program for the purpose of~~  
 2-28 ~~identifying, testing, and evaluating new emissions-reducing~~  
 2-29 ~~technologies with potential for commercialization in this state and~~  
 2-30 ~~to facilitate their certification or verification; and~~

2-31 ~~[(ii)] contract with the Energy Systems~~  
 2-32 ~~Laboratory at the Texas Engineering Experiment Station [for~~  
 2-33 ~~\$216,000] annually for the development and annual computation of~~  
 2-34 ~~creditable statewide emissions reductions obtained through wind~~  
 2-35 ~~and other renewable energy resources for the state implementation~~  
 2-36 ~~plan; [and]~~

2-37 (10) not more than \$3,400,000 ~~[(3) two percent]~~ is  
 2-38 allocated to the commission ~~[and 1.5 percent is allocated to the~~  
 2-39 ~~laboratory] for administrative costs incurred by the commission;~~

2-40 (11) 1.5 percent of the money in the fund is allocated  
 2-41 for administrative costs incurred by ~~[and]~~ the laboratory; and

2-42 (12) the balance is allocated to the commission for  
 2-43 the diesel emissions reduction incentive program.

2-44 SECTION 4. The heading to Chapter 387, Health and Safety  
 2-45 Code, is amended to read as follows:

2-46 CHAPTER 387. AIR QUALITY ~~[NEW TECHNOLOGY]~~ RESEARCH SUPPORT ~~[AND~~  
 2-47 ~~DEVELOPMENT]~~ PROGRAM

2-48 SECTION 5. Subdivision (2), Section 387.001, Health and  
 2-49 Safety Code, is amended to read as follows:

2-50 (2) "Program" means the air quality research support  
 2-51 ~~[new technology research and development] program established~~  
 2-52 ~~under this chapter.~~

2-53 SECTION 6. Section 387.010, Health and Safety Code, is  
 2-54 redesignated as Section 387.002, Health and Safety Code, and is  
 2-55 amended to read as follows:

2-56 Sec. 387.002 ~~[387.010]~~. AIR QUALITY RESEARCH SUPPORT  
 2-57 PROGRAM. (a) The commission shall contract with a nonprofit  
 2-58 organization or institution of higher education to establish and  
 2-59 administer a program to support research related to air quality.

2-60 (b) The board of directors of a nonprofit organization  
 2-61 establishing and administering the research program related to air  
 2-62 quality under this chapter ~~[section]~~ may not have more than 11  
 2-63 members, must include two persons with relevant scientific  
 2-64 expertise to be nominated by the commission, and may not include  
 2-65 more than four county judges selected from counties in the  
 2-66 Houston-Galveston-Brazoria and Dallas-Fort Worth nonattainment  
 2-67 areas. The two persons with relevant scientific expertise to be  
 2-68 nominated by the commission may be employees or officers of the  
 2-69 commission, provided that they do not participate in funding

3-1 decisions affecting the granting of funds by the commission to a  
3-2 nonprofit organization on whose board they serve.

3-3 (c) The commission shall provide oversight as appropriate  
3-4 for grants provided under the program established under this  
3-5 chapter [section].

3-6 (d) A nonprofit organization or institution of higher  
3-7 education shall submit to the commission for approval a budget for  
3-8 the disposition of funds granted under the program established  
3-9 under this chapter [section].

3-10 (e) A nonprofit organization or institution of higher  
3-11 education shall be reimbursed for costs incurred in establishing  
3-12 and administering the research program related to air quality under  
3-13 this chapter [section]. Reimbursable administrative costs of a  
3-14 nonprofit organization or institution of higher education may not  
3-15 exceed 10 percent of the program budget.

3-16 (f) A nonprofit organization that receives grants from the  
3-17 commission under this chapter [section] is subject to Chapters 551  
3-18 and 552, Government Code.

3-19 SECTION 7. Subsection (h), Section 447.011, Government  
3-20 Code, is amended to read as follows:

3-21 (h) The Texas Commission on Environmental Quality shall  
3-22 obtain information on any fuel-saving technology that appears to  
3-23 reduce particulate matter, oxides of nitrogen, carbon monoxide, or  
3-24 hydrocarbon emissions. [~~The Texas Commission on Environmental  
3-25 Quality may use this information to fund the United States  
3-26 Environmental Protection Agency verification of a technology in  
3-27 accordance with Section 387.003, Health and Safety Code.~~]

3-28 SECTION 8. Sections 387.003, 387.004, 387.005, 387.006, and  
3-29 387.007, Health and Safety Code, are repealed.

3-30 SECTION 9. A grant issued under Chapter 387, Health and  
3-31 Safety Code, before the effective date of this Act is governed by  
3-32 Chapter 387, Health and Safety Code, as it existed immediately  
3-33 before the effective date of this Act, and that law is continued in  
3-34 effect for that purpose.

3-35 SECTION 10. To the extent of any conflict, this Act prevails  
3-36 over another Act of the 82nd Legislature, Regular Session, 2011,  
3-37 relating to nonsubstantive additions to and corrections in enacted  
3-38 codes.

3-39 SECTION 11. This Act takes effect September 1, 2011.

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