

Amend CSHB 14 (senate committee printing) as follows:

(1) In SECTION 3 of the bill, in amended Section 386.051(b)(14), Health and Safety Code (page 2, line 11), strike "and" and substitute "[~~and~~"].

(2) In SECTION 3 of the bill, in amended Section 386.051(b)(15), Health and Safety Code (page 2, line 13), between "Subchapter D-1" and the period, insert the following:

; and

(16) the governmental alternative fuel fleet grant program established under Chapter 395

(3) Add the following appropriately numbered SECTIONS to the bill and renumber the SECTIONS of the bill accordingly:

SECTION _____. Sections 2158.004(a), (b), (c), and (d), Government Code, are amended to read as follows:

(a) A state agency operating a fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles, may not purchase or lease a motor vehicle unless that vehicle uses compressed natural gas, liquefied natural gas, liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, hydrogen fuel cells, or electricity, including electricity to power a plug-in hybrid motor vehicle.

(b) A state agency may obtain equipment or refueling facilities necessary to operate vehicles using compressed natural gas, liquefied natural gas, liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, hydrogen fuel cells, or electricity, including electricity to power a plug-in hybrid motor vehicle:

(1) by purchase or lease as authorized by law;

(2) by gift or loan of the equipment or facilities; or

(3) by gift or loan of the equipment or facilities or by another arrangement under a service contract for the supply of compressed natural gas, liquefied natural gas, liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater,

ethanol or ethanol/gasoline blends of 85 percent or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, hydrogen fuel cells, or electricity, including electricity to power a plug-in hybrid motor vehicle.

(c) If the equipment or facilities are donated, loaned, or provided through another arrangement with the supplier of compressed natural gas, liquefied natural gas, liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, hydrogen fuel cells, or electricity, including electricity to power a plug-in hybrid motor vehicle, the supplier is entitled to recoup its actual cost of donating, loaning, or providing the equipment or facilities through its fuel charges under the supply contract.

(d) The commission may waive the requirements of this section for a state agency on receipt of certification supported by evidence acceptable to the commission that:

(1) the agency's vehicles will be operating primarily in an area in which neither the agency nor a supplier has or can reasonably be expected to establish adequate refueling for compressed natural gas, liquefied natural gas, liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, hydrogen fuel cells, or electricity, including electricity to power a plug-in hybrid motor vehicle; or

(2) the agency is unable to obtain equipment or refueling facilities necessary to operate vehicles using compressed natural gas, liquefied natural gas, liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, hydrogen fuel cells, or electricity, including electricity to power a plug-in hybrid motor vehicle, at a projected cost that is reasonably expected to be no greater than the net costs of continued use of conventional gasoline or diesel fuels, measured over the expected useful life of the equipment or facilities supplied.

SECTION _____. Subchapter A, Chapter 2158, Government Code, is amended by adding Section 2158.0051 to read as follows:

Sec. 2158.0051. ALTERNATIVE FUEL FLEETS. (a) It is the intent of this state that:

(1) the vehicle fleet of a state agency that operates a fleet of more than 15 motor vehicles, subject to the availability of funds, shall be converted into or replaced with motor vehicles that use compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen fuel cells, or electricity, including fully electric vehicles and plug-in hybrid motor vehicles;

(2) a county or municipality that operates a vehicle fleet of more than 15 motor vehicles is authorized, but is not required, to convert the fleet into or replace the fleet with motor vehicles that use compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen fuel cells, or electricity, including fully electric vehicles and plug-in hybrid motor vehicles; and

(3) motor vehicles of a state agency, county, or municipality described by Subdivisions (1) and (2) that are capable of using fuels described by those subdivisions be primarily operated with those fuels rather than conventional gasoline or diesel fuels.

(b) In complying with Subsection (a), a state agency to which this section applies shall prioritize:

(1) the purchase or lease of new motor vehicles when replacing vehicles or adding vehicles to the fleet;

(2) the purchase of new motor vehicles to replace vehicles that have the highest total mileage and do not use a fuel described by Subsection (a);

(3) the conversion of motor vehicles that were driven the most miles during the previous biennium and do not use a fuel described by Subsection (a); and

(4) to the extent feasible, obtaining, whether by conversion, purchase, or lease, motor vehicles that use compressed natural gas, liquefied natural gas, or liquefied petroleum gas.

(c) Subsection (a)(1) does not apply to law enforcement or emergency vehicles.

SECTION _____. Subtitle C, Title 5, Health and Safety Code, is amended by adding Chapter 395 to read as follows:

CHAPTER 395. GOVERNMENTAL ALTERNATIVE FUEL FLEET GRANT PROGRAM

Sec. 395.001. DEFINITIONS. In this chapter:

(1) "Alternative fuel" means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen fuel cells, or electricity, including electricity to power fully electric vehicles and plug-in hybrid motor vehicles.

(2) "Commission" means the Texas Commission on Environmental Quality.

(3) "Incremental cost" means the cost of a motor vehicle or the cost of purchasing or installing refueling infrastructure and equipment less a baseline cost that would otherwise be incurred by a grant recipient in the normal course of business. Incremental costs may include added lease or fuel costs as well as additional capital costs.

(4) "Motor vehicle" means a self-propelled device designed for transporting persons or property on a public highway that is required to be registered under Chapter 502, Transportation Code.

(5) "Political subdivision" means a school district, junior college district, river authority, water district or other special district, or other political subdivision created under the constitution or a statute of this state, other than a county or municipality.

(6) "Program" means the governmental alternative fuel fleet grant program established under this chapter.

(7) "State agency" has the meaning assigned by Section 2151.002, Government Code.

Sec. 395.002. PROGRAM. (a) The commission shall establish and administer a governmental alternative fuel fleet grant program to assist an eligible state agency, county, municipality, or political subdivision in:

(1) purchasing or leasing new motor vehicles that operate primarily on an alternative fuel; or

(2) converting motor vehicles to operate primarily on an alternative fuel.

(b) The program is funded under the Texas emissions reduction plan established under Chapter 386.

(c) The program may provide a grant to a state agency, county, municipality, or political subdivision to:

(1) purchase or lease a new motor vehicle described by Section 395.004;

(2) convert a motor vehicle to operate primarily on an alternative fuel; or

(3) purchase, lease, or install refueling infrastructure or equipment or procure refueling services as described by Section 395.005 to store and dispense alternative fuel needed for a motor vehicle described by Subdivision (1) or (2).

Sec. 395.003. ELIGIBLE APPLICANTS. (a) A state agency, county, or municipality is eligible to apply for a grant under this program if the entity operates a fleet of more than 15 motor vehicles, excluding motor vehicles that are owned and operated by a private company or other third party under a contract with the entity.

(b) A mass transit or school transportation provider or other broadly similar public entity established to provide public or school transportation services is eligible for a grant under this program.

(c) If, on April 1 of an even-numbered year, the commission has awarded less than 75 percent of the total amount to be awarded in that fiscal year to eligible applicants under Subsections (a) and (b), a political subdivision is eligible to apply for a grant under the program during the remainder of that fiscal year.

Sec. 395.004. MOTOR VEHICLE REQUIREMENTS. (a) A grant recipient may purchase or lease with money from a grant under the program a new motor vehicle that is originally manufactured to operate using one or more alternative fuels or is converted to operate using one or more alternative fuels before the first retail sale of the vehicle, and that:

(1) has a dedicated system, dual-fuel system, or bi-fuel system; and

(2) if the motor vehicle is a fully electric vehicle or plug-in hybrid motor vehicle, has a United States Environmental

Protection Agency rating of at least 75 miles per gallon equivalent or a 75-mile combined city and highway range.

(b) A grant recipient may not use money from a grant under the program to replace a motor vehicle, transit bus, or school bus that operates on an alternative fuel unless the replacement vehicle produces fewer emissions and has greater fuel efficiency than the vehicle being replaced.

Sec. 395.005. REFUELING INFRASTRUCTURE, EQUIPMENT, AND SERVICES. A grant recipient may purchase, lease, or install refueling infrastructure or equipment or procure refueling services with money from a grant under the program if:

(1) the purchase, lease, installation, or procurement is made in conjunction with the purchase or lease of a motor vehicle as described by Section 395.004 or the conversion of a motor vehicle to operate primarily on an alternative fuel;

(2) the grant recipient demonstrates that a refueling station that meets the needs of the recipient is not available within five miles of the location at which the recipient's vehicles are stored or primarily used; and

(3) for the purchase or installation of refueling infrastructure or equipment, the infrastructure or equipment will be owned and operated by the grant recipient, and for the lease of refueling infrastructure or equipment or the procurement of refueling services, a third-party service provider engaged by the grant recipient will provide the infrastructure, equipment, or services.

Sec. 395.006. ELIGIBLE COSTS. (a) A motor vehicle lease agreement paid for with money from a grant under the program must have a term of at least three years.

(b) Refueling infrastructure or equipment purchased or installed with money from a grant under the program must be used specifically to store or dispense alternative fuel, as determined by the commission.

(c) A lease of or service agreement for refueling infrastructure, equipment, or services paid for with money from a grant under the program must have a term of at least three years.

Sec. 395.007. GRANT AMOUNTS. (a) The commission may

establish standardized grant amounts based on the incremental costs associated with the purchase or lease of different categories of motor vehicles, including the type of fuel used, vehicle class, and other categories the commission considers appropriate.

(b) In determining the incremental costs and setting the standardized grant amounts, the commission may consider the difference in cost between a new motor vehicle operated using conventional gasoline or diesel fuel and a new motor vehicle operated using alternative fuel.

(c) The amount of a grant for the purchase or lease of a motor vehicle may not exceed the amount of the incremental cost of the purchase or lease.

(d) The commission may establish grant amounts to reimburse the full cost of the purchase, lease, installation, or procurement of refueling infrastructure, equipment, or services or may establish criteria for reimbursing a percentage of the cost.

(e) A grant under the program may be combined with funding from other sources, including other grant programs, except that a grant may not be combined with other funding or grants from the Texas emissions reduction plan. When combined with other funding sources, a grant may not exceed the total cost to the grant recipient.

Sec. 395.008. AVAILABILITY OF EMISSIONS REDUCTION CREDITS.

(a) A purchase, lease, or installation that uses money from a grant under the program may not be used for credit under a state or federal emissions reduction credit averaging, banking, or trading program.

(b) An emissions reduction generated by a purchase or lease under this chapter:

(1) may not be used as a marketable emissions reduction credit; and

(2) may be used to demonstrate conformity with the state implementation plan.

(c) A project involving a new emissions reduction measure that would otherwise generate marketable credits under a state or federal emissions reduction credit averaging, banking, or trading program is not eligible for funding under the program unless:

(1) the project includes the transfer of the reductions that would otherwise be marketable credits to the state implementation plan; and

(2) the reductions are permanently retired.

Sec. 395.009. USE OF GRANT MONEY BY COUNTY OR MUNICIPALITY.

A county or municipality shall prioritize the actions listed in Sections 2158.0051(b)(1)-(4), Government Code, when using money from a grant under the program.

Sec. 395.010. GRANT PROCEDURES AND CRITERIA. (a) The commission shall establish specific criteria and procedures in order to implement and administer the program, including the creation and provision of application forms and guidance on the application process.

(b) The commission shall award a grant through a contract between the commission and the grant recipient.

(b-1) The commission shall provide an online application process for the submission of all required application documents.

(c) The commission may limit funding for a particular period according to priorities established by the commission, including limiting the availability of grants to specific entities, for certain types of vehicles and infrastructure, or to certain geographic areas to ensure equitable distribution of grant funds across the state.

(d) In awarding grants under the program, the commission shall prioritize projects that:

(1) are proposed by a state agency;

(2) are in or near a nonattainment area;

(3) are in an affected county, as that term is defined by Section 386.001(2);

(4) will produce the greatest emissions reductions;

and

(5) will generate the most marketable credits under a state or federal emissions reduction credit averaging, banking, or trading program.

(e) In addition to the requirements under Subsection (d), in awarding grants under the program, the commission shall consider:

(1) the effectiveness of a proposed project in

assisting an applicant in complying with Section 2158.0051, Government Code;

(2) the total amount of the emissions reduction that would be achieved from the project;

(3) the type and number of vehicles purchased, leased, or converted;

(4) the location of the fleet and the refueling infrastructure or equipment;

(5) the number of vehicles served and the rate at which vehicles are served by the refueling infrastructure or equipment;

(6) the amount of any matching funds committed by the applicant; and

(7) the schedule for project completion.

(f) The commission may not award more than 10 percent of the total amount awarded under the program in any fiscal year for purchasing, leasing, installing, or procuring refueling infrastructure, equipment, or services.

Sec. 395.011. FUNDING. The legislature may appropriate money to the commission from the Texas emissions reduction plan fund established under Section 386.251 to administer the program.

Sec. 395.0115. ADMINISTRATIVE COSTS. In each fiscal year, the commission may use up to three-fourths of one percent of the total amount of money awarded under the program in that fiscal year, but not more than \$1 million, for the administrative costs of the program.

Sec. 395.012. RULES. The commission may adopt rules as necessary to implement this chapter.

Sec. 395.013. REPORT REQUIRED. On or before November 1 of each even-numbered year, the commission shall submit to the governor, lieutenant governor, and members of the legislature a report that includes the following information regarding awards made under the program during the preceding state fiscal biennium:

(1) the number of grants awarded under the program;

(2) the recipient of each grant awarded;

(3) the number of vehicles converted or replaced;

(4) the number, type, and location of any refueling infrastructure, equipment, or services funded under the program;

(5) the total emissions reductions achieved under the program; and

(6) any other information the commission considers relevant.

Sec. 395.014. EXPIRATION. This chapter expires August 31, 2025.

SECTION _____. Section 2158.0051, Government Code, as added by this Act, applies beginning with the state fiscal biennium beginning September 1, 2015.

SECTION _____. (a) To the extent that money is appropriated from the Texas emissions reduction plan fund for that purpose, the Texas Commission on Environmental Quality may use that money to award grants under the governmental alternative fuel fleet grant program created under Chapter 395, Health and Safety Code, as added by this Act, except that the commission may not use for that purpose more than three percent of the balance of the Texas emissions reduction plan fund as of September 1 of each fiscal year of the biennium for the governmental alternative fuel fleet grant program in that fiscal year.

(b) This section expires August 31, 2025.