

Amend CSSB 12 (senate committee printing) as follows:

(1) Strike SECTION 2 of the bill, adding proposed Subchapter R, Chapter 403, Government Code (page 2, line 2, through page 4, line 24), and substitute the following appropriately numbered SECTION:

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

(6) "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, or municipality in complying with Section 2158.0051, Government Code, through the purchase or lease of new motor vehicles that 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, or municipality to:

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

(2) purchase and install refueling infrastructure and equipment described by Section 395.005 to store and dispense alternative fuel needed for a motor vehicle described by Subdivision (1).

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 transit or school transportation provider or other similar entity established to provide public or school transportation services is eligible for a grant under this program.

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:

(1) 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

(2) has a dedicated system, dual-fuel system, or bi-fuel system with a range of at least 125 miles when operating on the alternative fuel without refueling, as published by the United States Environmental Protection Agency.

(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 AND EQUIPMENT REQUIREMENTS. A grant recipient may purchase or install refueling infrastructure or equipment with money from a grant under the program if:

(1) the purchase or installation is made in

conjunction with the purchase or lease of a motor vehicle as described by Section 395.004;

(2) the grant recipient demonstrates that a refueling station that meets the needs of the recipient is not available within 30 miles of the location at which the recipient's vehicles are stored or primarily used; and

(3) the refueling infrastructure or equipment will be owned and operated by the grant recipient.

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.

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 and installation of refueling infrastructure or equipment 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.

(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, geographic areas, or types of vehicles and infrastructure.

(d) In determining priorities for funding 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.

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. 395.012. EXPIRATION. This chapter expires August 31, 2025.

(2) In SECTION 3 of the bill, in amended Section 386.051(b), Health and Safety Code (page 4, lines 66 and 67), strike "Subchapter R, Chapter 403, Government Code" and substitute "Chapter 395".

(3) In SECTION 4 of the bill, in added Section 386.252(i), Health and Safety Code (page 5, line 2), strike "comptroller" and substitute "commission".

(4) In SECTION 4 of the bill, in added Section 386.252(i), Health and Safety Code (page 5, lines 4 and 5), strike "Subchapter R, Chapter 403, Government Code, except that the comptroller" and substitute "Chapter 395, except that the commission".

(5) Renumber the sections of the bill appropriately.