

## **BILL ANALYSIS**

Senate Research Center  
84R11387 JAM-D

S.B. 911  
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Natural Resources & Economic Development  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

S.B. 911 creates a second “clean transportation triangle” connecting the cities of San Antonio, Corpus Christi, and Laredo and thereby expands eligibility for grants under the Texas Emissions Reduction Plan.

Air quality is of significant importance to Texas. The Houston/Galveston and Dallas/Fort Worth areas do not meet current federal ozone standards, and San Antonio is on the brink of a nonattainment designation. What’s more, the United States Environmental Protection Agency (EPA) recently proposed strengthening the national ambient air quality standards, a move that could jeopardize the attainment status of even more areas of the state. A nonattainment designation would lead to costly pollution-control mandates by the EPA, potentially raising fuel prices and encumbering economic development. To help address the state’s air quality concerns, the legislature created the Texas Emissions Reduction Plan, whose various programs provide financial incentives to eligible individuals, businesses, and local governments to reduce emissions from polluting vehicles and equipment. Two such programs vital to improving air quality are the Clean Transportation Triangle (CTT) program and the Texas Natural Gas Vehicle Grant (TNGVG) program.

The CTT program provides grants for the creation of natural gas fueling stations along the interstate highways connecting Houston, San Antonio, and the Dallas-Fort Worth area, and in EPA-designated nonattainment areas and other affected counties. The TNGVG program provides grants to encourage an entity that owns and operates a heavy-duty or medium-duty motor vehicle to retrofit the vehicle with a natural gas engine or replace the vehicle with a natural gas vehicle.

These programs have been a resounding success, creating more than \$135 million in direct investment in the Texas economy, supporting more than 1,000 full-time equivalent jobs, and saving Texas businesses more than \$30 million in fuel costs. These programs also reduce reliance on foreign energy and produce the emissions-benefit equivalent of taking more than 175,000 cars off Texas highways in the most populated areas of the state. In fact, natural gas vehicles are reported to eliminate 70 percent of smog-producing pollutants when compared to traditional vehicles.

Building on these successes, S.B. 911 creates a second clean transportation triangle connecting the cities of San Antonio, Corpus Christi, and Laredo—an area that experiences considerable commercial traffic due in part to encompassing an international trade route as well as the burgeoning oil and gas production in the Eagle Ford Shale region. Promoting the development of natural gas refueling stations and the replacement of heavy diesel trucks with clean-burning, low-emission natural gas trucks would significantly improve air quality in the region. Investment in natural gas fueling stations and the vehicles they support also would positively impact state and regional economies and develop job-creating industries.

As proposed, S.B. 911 amends current law relating to the eligibility for grants for natural gas fueling stations under the Texas natural gas vehicle grant program.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

## **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 394.005(c), Health and Safety Code, as follows:

(c) Requires that the qualifying vehicle, as a condition of receiving a grant, must be continuously owned, leased, or otherwise commercially financed and registered and operated in the state by the grant recipient until the earlier of the fourth anniversary of the date of reimbursement of the grant-funded expenses or until the date the vehicle has been in operation for 400,000 miles after the date of reimbursement. Requires that not less than 75 percent of the annual use of the qualifying vehicle, either mileage or fuel use as determined by the Texas Commission on Environmental Quality (TCEQ), must occur in the counties any part of which are included in the areas described by Section 394.010(a-1), rather than in the area described by Section 394.010(a).

SECTION 2. Amends the heading to Section 394.010, Health and Safety Code, to read as follows:

Sec. 394.010. CLEAN TRANSPORTATION TRIANGLES.

SECTION 3. Amends Section 394.010, Health and Safety Code, by amending Subsections (a) and (d) and adding Subsections (a-1), (a-2), and (d-1), as follows:

(a) Defines "affected county" and "state highway" in this section.

(a-1) Creates this subsection from existing text. Requires TCEQ, to ensure that natural gas vehicles purchased, leased, or otherwise commercially financed or repowered under the Texas natural gas vehicle grant program established under this chapter (program) have access to fuel, and to build the foundation for a self-sustaining market for natural gas vehicles in Texas, to award grants to support the development of a network of natural gas vehicle fueling stations:

(1) along the interstate highways connecting Houston, San Antonio, Dallas, and Fort Worth;

(2) along the interstate highways connecting San Antonio to Corpus Christi and Laredo and the state highways connecting Corpus Christi and Laredo; and

(3) in nonattainment areas and affected counties of the state.

(a-2) Requires TCEQ, in awarding the grants, to provide for:

(1) strategically placed natural gas vehicle fueling stations:

(A) in and between the Houston, San Antonio, and Dallas-Fort Worth areas to enable a natural gas vehicle to travel along that triangular area relying solely on natural gas fuel;

(B) in and between the Corpus Christi, Laredo, and San Antonio areas to enable a natural gas vehicle to travel along that triangular area relying solely on natural gas fuel; and

(C) in nonattainment areas and affected counties of the state, to enable a natural gas vehicle to travel in those areas relying solely on natural gas fuel;

(2) the grants for each region described by Subsection (a-1)(1), (2), or (3) to be dispersed through a competitive bidding process to offset a portion of the cost of installation of the natural gas dispensing equipment;

(3) contracts that require the recipient stations to meet operational, maintenance, and reporting requirements as specified by TCEQ; and

(4) for each region described by Subsection (a-1)(1) or (2), a listing, to be maintained by TCEQ and made available to the public online, of all natural gas vehicle fueling stations that have received grant funding, including location and hours of operation.

(d) Requires that stations funded by grants under this section be publicly accessible and be located:

(1) not more than three miles from an interstate highway described by Subsection (a-1)(1);

(2) not more than three miles from an interstate highway or state highway described by Subsection (a-1)(2); or

(3) in a nonattainment area or affected county of the state.

(d-1) Requires TCEQ, in awarding grants for stations under this section, to give preference to:

(1) stations providing both liquefied natural gas and compressed natural gas at a single location;

(2) stations located not more than one mile from an interstate highway, rather than an interstate highway system; and

(3) stations located in the triangular areas described by Subsections (a-2)(1)(A) and (B), rather than stations located in the triangular area between the Houston, San Antonio, and Dallas-Fort Worth areas.

Makes nonsubstantive changes.

SECTION 4. Effective date: September 1, 2015.