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S.B. No. 12

A BILL TO BE ENTITLED

AN ACT

1
2 relating to alternative fuel fleets of certain governmental
3 entities, including funding for motor vehicles, infrastructure,
4 and equipment.

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

6 SECTION 1. Subchapter A, Chapter 2158, Government Code, is
7 amended by adding Section 2158.0051 to read as follows:

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

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

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

23 (3) motor vehicles of a state agency, county, or
24 municipality described by Subdivisions (1) and (2) that are capable

1 of using fuels described by those subdivisions be primarily
2 operated with those fuels rather than conventional gasoline or
3 diesel fuels.

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

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

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

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

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

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

19 SECTION 2. Subtitle C, Title 5, Health and Safety Code, is
20 amended by adding Chapter 395 to read as follows:

21 CHAPTER 395. GOVERNMENTAL ALTERNATIVE FUEL FLEET GRANT PROGRAM

22 Sec. 395.001. DEFINITIONS. In this chapter:

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

27 (2) "Commission" means the Texas Commission on

1 Environmental Quality.

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

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

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

14 (6) "State agency" has the meaning assigned by Section
15 2151.002, Government Code.

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

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

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

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

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

27 (1) purchase or lease a new motor vehicle described by

1 Section 395.004;

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

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

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

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

17 Sec. 395.004. MOTOR VEHICLE REQUIREMENTS. (a) A grant
18 recipient may purchase or lease with money from a grant under the
19 program a new motor vehicle that:

20 (1) is originally manufactured to operate using one or
21 more alternative fuels or is converted to operate using one or more
22 alternative fuels before the first retail sale of the vehicle; and

23 (2) has a dedicated system, dual-fuel system, or
24 bi-fuel system with a range of at least 75 miles when operating on
25 the alternative fuel without refueling, as published by the United
26 States Environmental Protection Agency.

27 (b) A grant recipient may not use money from a grant under

1 the program to replace a motor vehicle, transit bus, or school bus
2 that operates on an alternative fuel unless the replacement vehicle
3 produces fewer emissions and has greater fuel efficiency than the
4 vehicle being replaced.

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

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

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

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

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

27 (b) Refueling infrastructure or equipment purchased or

1 installed with money from a grant under the program must be used
2 specifically to store or dispense alternative fuel, as determined
3 by the commission.

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

7 Sec. 395.007. GRANT AMOUNTS. (a) The commission may
8 establish standardized grant amounts based on the incremental costs
9 associated with the purchase or lease of different categories of
10 motor vehicles, including the type of fuel used, vehicle class, and
11 other categories the commission considers appropriate.

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

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

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

24 (e) A grant under the program may be combined with funding
25 from other sources, including other grant programs, except that a
26 grant may not be combined with other funding or grants from the
27 Texas emissions reduction plan. When combined with other funding

1 sources, a grant may not exceed the total cost to the grant
2 recipient.

3 Sec. 395.008. AVAILABILITY OF EMISSIONS REDUCTION CREDITS.

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

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

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

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

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

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

21 (2) the reductions are permanently retired.

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

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

26 Sec. 395.010. GRANT PROCEDURES AND CRITERIA. (a) The
27 commission shall establish specific criteria and procedures in

1 order to implement and administer the program, including the
2 creation and provision of application forms and guidance on the
3 application process.

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

6 (c) The commission may limit funding for a particular period
7 according to priorities established by the commission, including
8 limiting the availability of grants to specific entities,
9 geographic areas, or types of vehicles and infrastructure.

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

12 (1) are proposed by a state agency;

13 (2) are in or near a nonattainment area;

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

16 (4) will produce the greatest emissions reductions;

17 and

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

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

23 (1) the effectiveness of a proposed project in
24 assisting an applicant in complying with Section 2158.0051,
25 Government Code;

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

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

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

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

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

9 (7) the schedule for project completion.

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

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

17 Sec. 395.012. RULES. The commission may adopt rules as
18 necessary to implement this subchapter.

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

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

25 (2) the recipient of each grant awarded;

26 (3) the number of vehicles converted or replaced;

27 (4) the number, type, and location of any refueling

- 1 infrastructure, equipment, or services funded under the program;
2 (5) the total emissions reductions achieved under the
3 program; and
4 (6) any other information the commission considers
5 relevant.

6 Sec. 395.014. EXPIRATION. This chapter expires August 31,
7 2025.

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

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

12 (1) the diesel emissions reduction incentive program
13 established under Subchapter C, including for infrastructure
14 projects established under that subchapter;

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

17 (3) the air quality research support program
18 established under Chapter 387;

19 (4) the clean school bus program established under
20 Chapter 390;

21 (5) the new technology implementation grant program
22 established under Chapter 391;

23 (6) the regional air monitoring program established
24 under Section 386.252(a);

25 (7) a health effects study as provided by Section
26 386.252(a);

27 (8) air quality planning activities as provided by

1 Section 386.252(a);

2 (9) a contract with the Energy Systems Laboratory at
3 the Texas Engineering Experiment Station for computation of
4 creditable statewide emissions reductions as provided by Section
5 386.252(a)(14);

6 (10) the clean fleet program established under Chapter
7 392;

8 (11) the alternative fueling facilities program
9 established under Chapter 393;

10 (12) the natural gas vehicle grant program and clean
11 transportation triangle program established under Chapter 394;

12 (13) other programs the commission may develop that
13 lead to reduced emissions of nitrogen oxides, particulate matter,
14 or volatile organic compounds in a nonattainment area or affected
15 county;

16 (14) other programs the commission may develop that
17 support congestion mitigation to reduce mobile source ozone
18 precursor emissions; ~~and~~

19 (15) the drayage truck incentive program established
20 under Subchapter D-1; and

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

23 SECTION 4. Section 2158.0051, Government Code, as added by
24 this Act, applies beginning with the state fiscal biennium
25 beginning September 1, 2015.

26 SECTION 5. This Act takes effect September 1, 2015.