

1-1 By: Uresti, Menéndez S.B. No. 12
 1-2 (In the Senate - Filed March 12, 2015; March 16, 2015, read
 1-3 first time and referred to Committee on Natural Resources and
 1-4 Economic Development; April 7, 2015, reported adversely, with
 1-5 favorable Committee Substitute by the following vote: Yeas 9,
 1-6 Nays 0; April 7, 2015, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15			X	
1-16	X			
1-17	X			
1-18	X			
1-19			X	

1-20 COMMITTEE SUBSTITUTE FOR S.B. No. 12 By: Uresti

1-21 A BILL TO BE ENTITLED
 1-22 AN ACT

1-23 relating to alternative fuel fleets of certain governmental
 1-24 entities, including funding for motor vehicles, infrastructure,
 1-25 and equipment.

1-26 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-27 SECTION 1. Subchapter A, Chapter 2158, Government Code, is
 1-28 amended by adding Section 2158.0051 to read as follows:

1-29 Sec. 2158.0051. ALTERNATIVE FUEL FLEETS. (a) It is the
 1-30 intent of this state that:

1-31 (1) the vehicle fleet of a state agency that operates a
 1-32 fleet of more than 15 motor vehicles, subject to the availability of
 1-33 funds, shall be converted into or replaced with motor vehicles that
 1-34 use compressed natural gas, liquefied natural gas, liquefied
 1-35 petroleum gas, hydrogen fuel cells, or electricity, including fully
 1-36 electric vehicles and plug-in hybrid motor vehicles;

1-37 (2) a county or municipality that operates a vehicle
 1-38 fleet of more than 15 motor vehicles is authorized, but is not
 1-39 required, to convert the fleet into or replace the fleet with motor
 1-40 vehicles that use compressed natural gas, liquefied natural gas,
 1-41 liquefied petroleum gas, hydrogen fuel cells, or electricity,
 1-42 including fully electric vehicles and plug-in hybrid motor
 1-43 vehicles; and

1-44 (3) motor vehicles of a state agency, county, or
 1-45 municipality described by Subdivisions (1) and (2) that are capable
 1-46 of using fuels described by those subdivisions be primarily
 1-47 operated with those fuels rather than conventional gasoline or
 1-48 diesel fuels.

1-49 (b) In complying with Subsection (a), a state agency to
 1-50 which this section applies shall prioritize:

1-51 (1) the purchase or lease of new motor vehicles when
 1-52 replacing vehicles or adding vehicles to the fleet;

1-53 (2) the purchase of new motor vehicles to replace
 1-54 vehicles that have the highest total mileage and do not use a fuel
 1-55 described by Subsection (a);

1-56 (3) the conversion of motor vehicles that were driven
 1-57 the most miles during the previous biennium and do not use a fuel
 1-58 described by Subsection (a); and

1-59 (4) to the extent feasible, obtaining, whether by
 1-60 conversion, purchase, or lease, motor vehicles that use compressed

2-1 natural gas or liquefied natural gas.
 2-2 SECTION 2. Chapter 403, Government Code, is amended by
 2-3 adding Subchapter R to read as follows:
 2-4 SUBCHAPTER R. GOVERNMENTAL ALTERNATIVE FUEL FLEET GRANT PROGRAM
 2-5 Sec. 403.461. DEFINITIONS. In this subchapter:
 2-6 (1) "Alternative fuel" means compressed natural gas,
 2-7 liquefied natural gas, liquefied petroleum gas, hydrogen fuel
 2-8 cells, or electricity, including electricity to power fully
 2-9 electric vehicles and plug-in hybrid motor vehicles.
 2-10 (2) "Incremental cost" means the cost of a motor
 2-11 vehicle or the cost of purchasing or installing refueling
 2-12 infrastructure and equipment less a baseline cost that would
 2-13 otherwise be incurred by a grant recipient in the normal course of
 2-14 business. Incremental costs may include added lease or fuel costs
 2-15 as well as additional capital costs.
 2-16 (3) "Motor vehicle" means a self-propelled device
 2-17 designed for transporting persons or property on a public highway
 2-18 that is required to be registered under Chapter 502, Transportation
 2-19 Code.
 2-20 (4) "Program" means the governmental alternative fuel
 2-21 fleet grant program established under this subchapter.
 2-22 (5) "State agency" has the meaning assigned by Section
 2-23 [2151.002](#).
 2-24 Sec. 403.462. PROGRAM. (a) The comptroller shall
 2-25 establish and administer a governmental alternative fuel fleet
 2-26 grant program to assist an eligible state agency, county, or
 2-27 municipality in complying with Section 2158.0051 through the
 2-28 purchase or lease of new motor vehicles that operate primarily on an
 2-29 alternative fuel.
 2-30 (b) The program is funded under the Texas emissions
 2-31 reduction plan established under Chapter 386, Health and Safety
 2-32 Code.
 2-33 (c) The program may provide a grant to a state agency,
 2-34 county, or municipality to:
 2-35 (1) purchase or lease a new motor vehicle described by
 2-36 Section 403.464; or
 2-37 (2) purchase and install refueling infrastructure and
 2-38 equipment described by Section 403.465 to store and dispense
 2-39 alternative fuel needed for a motor vehicle described by
 2-40 Subdivision (1).
 2-41 Sec. 403.463. ELIGIBLE APPLICANTS. (a) A state agency,
 2-42 county, or municipality is eligible to apply for a grant under this
 2-43 program if the entity operates a fleet of more than 15 motor
 2-44 vehicles, excluding motor vehicles that are owned and operated by a
 2-45 private company or other third party under a contract with the
 2-46 entity.
 2-47 (b) A transit or school transportation provider or other
 2-48 similar entity established to provide public or school
 2-49 transportation services is eligible for a grant under this program.
 2-50 Sec. 403.464. MOTOR VEHICLE REQUIREMENTS. (a) A grant
 2-51 recipient may purchase or lease with money from a grant under the
 2-52 program a new motor vehicle that:
 2-53 (1) is originally manufactured to operate using one or
 2-54 more alternative fuels or is converted to operate using one or more
 2-55 alternative fuels before the first retail sale of the vehicle; and
 2-56 (2) has a dedicated system, dual-fuel system, or
 2-57 bi-fuel system with a range of at least 125 miles when operating on
 2-58 the alternative fuel without refueling, as published by the United
 2-59 States Environmental Protection Agency.
 2-60 (b) A grant recipient may not use money from a grant under
 2-61 the program to replace a motor vehicle, transit bus, or school bus
 2-62 that operates on an alternative fuel unless the replacement vehicle
 2-63 produces fewer emissions and has greater fuel efficiency than the
 2-64 vehicle being replaced.
 2-65 Sec. 403.465. REFUELING INFRASTRUCTURE AND EQUIPMENT
 2-66 REQUIREMENTS. A grant recipient may purchase or install refueling
 2-67 infrastructure or equipment with money from a grant under the
 2-68 program if:
 2-69 (1) the purchase or installation is made in

3-1 conjunction with the purchase or lease of a motor vehicle as
 3-2 described by Section 403.464;

3-3 (2) the grant recipient demonstrates that a refueling
 3-4 station that meets the needs of the recipient is not available
 3-5 within 30 miles of the location at which the recipient's vehicles
 3-6 are stored or primarily used; and

3-7 (3) the refueling infrastructure or equipment will be
 3-8 owned and operated by the grant recipient.

3-9 Sec. 403.466. ELIGIBLE COSTS. (a) A motor vehicle lease
 3-10 agreement paid for with money from a grant under the program must
 3-11 have a term of at least three years.

3-12 (b) Refueling infrastructure or equipment purchased or
 3-13 installed with money from a grant under the program must be used
 3-14 specifically to store or dispense alternative fuel, as determined
 3-15 by the comptroller.

3-16 Sec. 403.467. GRANT AMOUNTS. (a) The comptroller may
 3-17 establish standardized grant amounts based on the incremental costs
 3-18 associated with the purchase or lease of different categories of
 3-19 motor vehicles, including the type of fuel used, vehicle class, and
 3-20 other categories the comptroller considers appropriate.

3-21 (b) In determining the incremental costs and setting the
 3-22 standardized grant amounts, the comptroller may consider the
 3-23 difference in cost between a new motor vehicle operated using
 3-24 conventional gasoline or diesel fuel and a new motor vehicle
 3-25 operated using alternative fuel.

3-26 (c) The amount of a grant for the purchase or lease of a
 3-27 motor vehicle may not exceed the amount of the incremental cost of
 3-28 the purchase or lease.

3-29 (d) The comptroller may establish grant amounts to
 3-30 reimburse the full cost of the purchase and installation of
 3-31 refueling infrastructure or equipment or may establish criteria for
 3-32 reimbursing a percentage of the cost.

3-33 (e) A grant under the program may be combined with funding
 3-34 from other sources, including other grant programs, except that a
 3-35 grant may not be combined with other funding or grants from the
 3-36 Texas emissions reduction plan. When combined with other funding
 3-37 sources, a grant may not exceed the total cost to the grant
 3-38 recipient.

3-39 Sec. 403.468. AVAILABILITY OF EMISSIONS REDUCTION CREDITS.

3-40 (a) A purchase, lease, or installation that uses money from a
 3-41 grant under the program may not be used for credit under a state or
 3-42 federal emissions reduction credit averaging, banking, or trading
 3-43 program.

3-44 (b) An emissions reduction generated by a purchase or lease
 3-45 under this subchapter:

3-46 (1) may not be used as a marketable emissions
 3-47 reduction credit; and

3-48 (2) may be used to demonstrate conformity with the
 3-49 state implementation plan.

3-50 (c) A project involving a new emissions reduction measure
 3-51 that would otherwise generate marketable credits under a state or
 3-52 federal emissions reduction credit averaging, banking, or trading
 3-53 program is not eligible for funding under the program unless:

3-54 (1) the project includes the transfer of the
 3-55 reductions that would otherwise be marketable credits to the state
 3-56 implementation plan; and

3-57 (2) the reductions are permanently retired.

3-58 Sec. 403.469. USE OF GRANT MONEY BY COUNTY OR MUNICIPALITY.

3-59 A county or municipality shall prioritize the actions listed in
 3-60 Sections 2158.0051(b)(1)-(4) when using money from a grant under
 3-61 the program.

3-62 Sec. 403.470. GRANT PROCEDURES AND CRITERIA. (a) The
 3-63 comptroller shall establish specific criteria and procedures in
 3-64 order to implement and administer the program, including the
 3-65 creation and provision of application forms and guidance on the
 3-66 application process.

3-67 (b) The comptroller shall award a grant through a contract
 3-68 between the comptroller and the grant recipient.

3-69 (c) The comptroller may limit funding for a particular

4-1 period according to priorities established by the comptroller,
4-2 including limiting the availability of grants to specific entities,
4-3 geographic areas, or types of vehicles and infrastructure.

4-4 (d) In determining priorities for funding under the
4-5 program, the comptroller shall consider:

4-6 (1) the effectiveness of a proposed project in
4-7 assisting an applicant in complying with Section 2158.0051;

4-8 (2) the total amount of the emissions reduction that
4-9 would be achieved from the project;

4-10 (3) the type and number of vehicles purchased, leased,
4-11 or converted;

4-12 (4) the location of the fleet and the refueling
4-13 infrastructure or equipment;

4-14 (5) the number of vehicles served and the rate at which
4-15 vehicles are served by the refueling infrastructure or equipment;

4-16 (6) the amount of any matching funds committed by the
4-17 applicant; and

4-18 (7) the schedule for project completion.

4-19 Sec. 403.471. FUNDING. The legislature may appropriate
4-20 money to the comptroller from the Texas emissions reduction plan
4-21 fund established under Section 386.251, Health and Safety Code, to
4-22 administer the program.

4-23 Sec. 403.472. EXPIRATION. This subchapter expires August
4-24 31, 2025.

4-25 SECTION 3. Section 386.051(b), Health and Safety Code, is
4-26 amended to read as follows:

4-27 (b) Under the plan, the commission and the comptroller shall
4-28 provide grants or other funding for:

4-29 (1) the diesel emissions reduction incentive program
4-30 established under Subchapter C, including for infrastructure
4-31 projects established under that subchapter;

4-32 (2) the motor vehicle purchase or lease incentive
4-33 program established under Subchapter D;

4-34 (3) the air quality research support program
4-35 established under Chapter 387;

4-36 (4) the clean school bus program established under
4-37 Chapter 390;

4-38 (5) the new technology implementation grant program
4-39 established under Chapter 391;

4-40 (6) the regional air monitoring program established
4-41 under Section 386.252(a);

4-42 (7) a health effects study as provided by Section
4-43 386.252(a);

4-44 (8) air quality planning activities as provided by
4-45 Section 386.252(a);

4-46 (9) a contract with the Energy Systems Laboratory at
4-47 the Texas Engineering Experiment Station for computation of
4-48 creditable statewide emissions reductions as provided by Section
4-49 386.252(a)(14);

4-50 (10) the clean fleet program established under Chapter
4-51 392;

4-52 (11) the alternative fueling facilities program
4-53 established under Chapter 393;

4-54 (12) the natural gas vehicle grant program and clean
4-55 transportation triangle program established under Chapter 394;

4-56 (13) other programs the commission may develop that
4-57 lead to reduced emissions of nitrogen oxides, particulate matter,
4-58 or volatile organic compounds in a nonattainment area or affected
4-59 county;

4-60 (14) other programs the commission may develop that
4-61 support congestion mitigation to reduce mobile source ozone
4-62 precursor emissions; ~~and~~

4-63 (15) the drayage truck incentive program established
4-64 under Subchapter D-1; and

4-65 (16) the governmental alternative fuel fleet grant
4-66 program established under Subchapter R, Chapter 403, Government
4-67 Code.

4-68 SECTION 4. Section 386.252, Health and Safety Code, is
4-69 amended by adding Subsection (i) to read as follows:

5-1 (i) To the extent that money is appropriated from the fund
5-2 for that purpose, the comptroller may use that money to award grants
5-3 under the governmental alternative fuel fleet grant program
5-4 established under Subchapter R, Chapter 403, Government Code,
5-5 except that the comptroller may not use for that purpose more than
5-6 three percent of the balance of the fund as of September 1 of each
5-7 state fiscal year of the biennium for the governmental alternative
5-8 fuel fleet grant program in that fiscal year. This subsection
5-9 expires August 31, 2025.

5-10 SECTION 5. Section 2158.0051, Government Code, as added by
5-11 this Act, applies beginning with the state fiscal biennium
5-12 beginning September 1, 2015.

5-13 SECTION 6. This Act takes effect September 1, 2015.

5-14

* * * * *