

By: Reynolds

H.B. No. 2682

A BILL TO BE ENTITLED

AN ACT

relating to the administration of and funding for the Texas emissions reduction plan.

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

SECTION 1. Sections 2158.001(3) and (4), Government Code, are amended to read as follows:

(3) "Light-duty motor vehicle" has the meaning assigned by Section 392.001 [~~386.151~~], Health and Safety Code.

(4) "Motor vehicle" has the meaning assigned by Section 392.001 [~~386.151~~], Health and Safety Code.

SECTION 2. Section 386.001(3), Health and Safety Code, is amended to read as follows:

(3) "Commission" means the Texas [~~Natural Resource Conservation~~] Commission on Environmental Quality.

SECTION 3. Section 386.002, Health and Safety Code, is amended to read as follows:

Sec. 386.002. EXPIRATION. This chapter expires August 31, 2025 [~~2019~~].

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

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

(1) the diesel emissions reduction incentive program established under Subchapter C, including for infrastructure

1 projects established under that subchapter;

2 (2) the alternative leak detection technology grant
3 ~~[motor vehicle purchase or lease incentive]~~ program established
4 under Section 386.252(a) ~~[Subchapter D]~~;

5 (3) the air quality research support program
6 established under Chapter 387;

7 (4) the clean school bus program established under
8 Chapter 390;

9 (5) the new technology implementation grant program
10 established under Chapter 391;

11 (6) ~~[the regional]~~ air monitoring activities in
12 affected counties that are not otherwise required by state or
13 federal law as provided by ~~[program established under]~~ Section
14 386.252(a);

15 (7) studies of or pilot programs for activities
16 described ~~[a health effects study as provided]~~ by Section
17 386.252(a)(8) ~~[386.252(a)]~~;

18 (8) air quality planning activities as provided by
19 Section 386.252(d) ~~[386.252(a)]~~;

20 (9) a contract with the Energy Systems Laboratory at
21 the Texas A&M Engineering Experiment Station for computation of
22 creditable statewide emissions reductions and other reductions of
23 air contaminants subject to the permitting requirements of Chapter
24 382 as provided by Section 386.252(a) ~~[386.252(a)(14)]~~;

25 (10) the clean fleet program established under Chapter
26 392;

27 (11) the alternative fueling facilities program

1 established under Chapter 393;

2 (12) the natural gas vehicle grant program [~~and clean~~
3 ~~transportation triangle program~~] established under Chapter 394;

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

8 (14) other programs the commission may develop that
9 support congestion mitigation to reduce mobile source ozone
10 precursor emissions; and

11 (15) the seaport and rail yard areas emissions
12 reduction [~~drayage truck incentive~~] program established under
13 Subchapter D-1.

14 SECTION 5. Section 386.057(b), Health and Safety Code, is
15 amended to read as follows:

16 (b) Not later than December 1, 2002, and not later than
17 December 1 of each subsequent second year, the commission, in
18 consultation with the advisory board, shall publish and submit to
19 the legislature a biennial plan report. The report must include:

20 (1) the information included in the annual reviews
21 conducted under Subsection (a);

22 (2) specific information for individual projects as
23 required by Subsection (c);

24 (3) information contained in reports received under
25 Sections 386.205, 388.003(e), and 388.006 [~~, and 391.104~~]; [~~and~~]

26 (4) information required to be included under Section
27 391.104; and

1 (5) a summary of the commission's activities under
2 Section 386.052.

3 SECTION 6. Section 386.102(e), Health and Safety Code, is
4 amended to read as follows:

5 (e) To improve the success of the program the commission:

6 (1) shall establish cost-effective limits for grants
7 awarded under the program to an owner or operator of a locomotive or
8 marine vessel that are lower than the cost-effectiveness limits
9 applied to other emissions reductions grants;

10 (2) shall determine the maximum amount of reductions
11 available from the locomotive and marine sectors and develop
12 strategies to facilitate the maximum amount of reductions in these
13 sectors; ~~and~~

14 (3) shall minimize, to the maximum extent possible,
15 the amount of paperwork required for an application for a grant
16 under the program; and

17 (4) after seeking comments and suggestions from
18 stakeholders, including applicants for and recipients of a grant
19 under the program and members of the economic sectors that
20 purchase, lease, or use equipment or vehicles subject to a
21 surcharge or fee that is deposited to the credit of the fund, shall:

22 (A) post on the commission's Internet website
23 comments and suggestions the commission received from stakeholders
24 on or regarding methods to minimize paperwork and to reduce the
25 administrative burden on applicants for a grant under the program;
26 and

27 (B) adopt and implement methods described by

1 Paragraph (A) that will not result in:

2 (i) increases to the period that an
3 application is under review; or

4 (ii) delays in the awarding of grants under
5 the program [~~include in the report required by Section 386.057(b)~~
6 ~~that is due not later than December 1, 2006, an analysis of the~~
7 ~~cost-effectiveness of the grants in these sectors].~~

8 SECTION 7. Section 386.103, Health and Safety Code, is
9 amended by amending Subsection (b) and adding Subsections (c) and
10 (d) to read as follows:

11 (b) An application for a grant under this subchapter must be
12 made on an application provided by the commission and must contain
13 information required by the commission, including:

- 14 (1) a [~~detailed~~] description of the proposed project;
- 15 (2) the minimum amount of information necessary for
16 the commission to determine whether the project meets eligibility
17 requirements for the type of project proposed, including a
18 statement of the amounts of any other public financial assistance
19 the project will receive; and
- 20 (3) other information the commission may require.

21 (c) The commission may request that the applicant provide
22 additional information under Subsection (b)(3) after the
23 application is filed.

24 (d) To reduce the administrative burden for the commission
25 and applicants, the commission may streamline the application
26 process by:

- 27 (1) reducing data entry and the copying and recopying

1 of applications; and

2 (2) developing, maintaining, and periodically
3 updating a system to accept applications electronically through the
4 commission's Internet website.

5 SECTION 8. Section 386.104, Health and Safety Code, is
6 amended by amending Subsections (c) and (j) and adding Subsections
7 (c-1) and (c-2) to read as follows:

8 (c) Except as otherwise provided by this subsection, for
9 ~~For~~ a proposed project as described by Section 386.102(b), other
10 than a project involving a marine vessel or engine, not less than 75
11 percent of vehicle miles traveled or hours of operation projected
12 for the five years immediately following the award of a grant must
13 be projected to take place in a nonattainment area or affected
14 county of this state. The commission may also allow vehicle travel
15 on highways and roadways, or portions of a highway or roadway,
16 designated by the commission and located outside a nonattainment
17 area or affected county to count towards the percentage of use
18 requirement in this subsection. For a proposed project involving
19 heavy-duty non-road diesel equipment, the commission shall set the
20 minimum percentage of hours of operation required to take place in a
21 nonattainment area or affected county at a level that supports the
22 economic feasibility of projects involving such equipment.

23 (c-1) For a proposed project involving a marine vessel or
24 engine, the vessel or engine must be operated in the intercoastal
25 waterways or bays adjacent to a nonattainment area or affected
26 county of this state for a sufficient amount of time over the
27 lifetime of the project, as determined by the commission, to meet

1 the cost-effectiveness requirements of Section 386.105.

2 (c-2) For a proposed project involving non-road equipment
3 used for natural gas recovery purposes, the equipment must be
4 operated in a nonattainment area or affected county for a
5 sufficient amount of use over the lifetime of the project, as
6 determined by the commission, to meet the cost-effectiveness
7 requirements of Section 386.105.

8 (j) The executive director may ~~[shall]~~ waive any
9 eligibility requirements established under this section on a
10 finding of good cause, which may include a waiver for short lapses
11 in registration or operation attributable to economic conditions,
12 seasonal work, or other circumstances.

13 SECTION 9. Sections 386.116(a), (b), and (c), Health and
14 Safety Code, are amended to read as follows:

15 (a) In this section, "small business" means a business owned
16 by a person who:

17 (1) owns and operates not more than two vehicles, one
18 of which is:

19 (A) an on-road diesel ~~[with a pre-1994 engine~~
20 ~~model]~~; or

21 (B) a non-road diesel ~~[with an engine with~~
22 ~~uncontrolled emissions]~~; and

23 (2) has owned the vehicle described by Subdivision
24 (1)(A) or (B) for more than two years ~~[one year]~~.

25 (b) The commission ~~[by rule]~~ shall develop a method of
26 providing fast and simple access to grants under this subchapter
27 for a small business. The method must:

1 (1) create a separate small business grant program; or
2 (2) require the commission to give special
3 consideration to small businesses when implementing another
4 program established under this subchapter.

5 (c) The commission shall publicize and promote the
6 availability of grants under this subchapter for small businesses
7 [~~section~~] to encourage the use of vehicles that produce fewer
8 emissions.

9 SECTION 10. Section 386.117, Health and Safety Code, is
10 amended by amending Subsection (a) and adding Subsection (g) to
11 read as follows:

12 (a) The commission shall adopt a process for awarding grants
13 under this subchapter in the form of rebates to streamline the grant
14 application, contracting, reimbursement, and reporting processes
15 for certain projects. The process adopted under this section must:

16 (1) designate certain types of projects, such as
17 repowers, replacements, and retrofits, as eligible for rebates;

18 (2) project standardized oxides of nitrogen emissions
19 reductions for each designated project type;

20 (3) assign a standardized rebate amount for each
21 designated project type and set that amount at a level that supports
22 the economic feasibility of projects involving heavy-duty non-road
23 diesel equipment;

24 (4) allow for processing rebates on an ongoing
25 first-come, first-served basis; and

26 (5) consolidate, simplify, and reduce the
27 administrative work for applicants and the commission associated

1 with grant application, contracting, reimbursement, and reporting
2 processes for designated project types.

3 (g) To improve the success of the rebate grant process, the
4 commission, after seeking comments and suggestions from
5 stakeholders, including applicants for and recipients of a rebate
6 grant and members of the economic sectors that purchase, lease, or
7 use equipment or vehicles subject to a surcharge or fee that is
8 deposited to the credit of the fund, shall:

9 (1) post on the commission's Internet website comments
10 and suggestions the commission received from stakeholders on or
11 regarding methods to minimize paperwork and to reduce the
12 administrative burden on applicants for a rebate grant; and

13 (2) adopt and implement methods described by
14 Subdivision (1) that will not result in:

15 (A) increases to the period that an application
16 is under review; or

17 (B) delays in the awarding of rebate grants.

18 SECTION 11. The heading to Subchapter D-1, Chapter 386,
19 Health and Safety Code, is amended to read as follows:

20 SUBCHAPTER D-1. SEAPORT AND RAIL YARD AREAS EMISSIONS REDUCTION
21 [DRAYAGE TRUCK INCENTIVE] PROGRAM

22 SECTION 12. The heading to Section 386.181, Health and
23 Safety Code, is amended to read as follows:

24 Sec. 386.181. DEFINITIONS [~~DEFINITION~~]; RULES.

25 SECTION 13. Section 386.181(a), Health and Safety Code, is
26 amended to read as follows:

27 (a) In this subchapter:

1 (1) "Cargo handling equipment" means any heavy-duty
2 non-road, self-propelled vehicle or land-based equipment used at a
3 seaport or rail yard to lift or move cargo, such as containerized,
4 bulk, or break-bulk goods.

5 (2) "Drayage [~~,"drayage]~~ truck" means a heavy-duty
6 on-road or non-road vehicle that is used for drayage activities and
7 that operates in or transgresses through [~~truck that transports a~~
8 load to or from] a seaport or rail yard for the purpose of loading,
9 unloading, or transporting cargo, including transporting empty
10 containers and chassis.

11 SECTION 14. Section 386.182, Health and Safety Code, is
12 amended to read as follows:

13 Sec. 386.182. COMMISSION DUTIES. (a) The commission
14 shall:

15 (1) develop a purchase incentive program to encourage
16 owners to replace drayage trucks and cargo handling equipment [~~with~~
17 ~~pre-2007 model year engines]~~ with newer drayage trucks and cargo
18 handling equipment; and

19 (2) [~~shall~~] adopt guidelines necessary to implement
20 the program described by Subdivision (1).

21 (b) The commission by rule or guideline shall establish
22 criteria for the models of drayage trucks and cargo handling
23 equipment that are eligible for inclusion in an incentive program
24 under this subchapter. [~~The guidelines must provide that a drayage~~
25 ~~truck owner is not eligible for an incentive payment under this~~
26 ~~subchapter unless the truck being replaced contains a pre-2007~~
27 ~~model year engine and the replacement truck's engine is from model~~

1 ~~year 2010 or later as determined by the commission and that the~~
2 ~~truck operates at a seaport or rail yard.]~~

3 SECTION 15. The heading to Section 386.183, Health and
4 Safety Code, is amended to read as follows:

5 Sec. 386.183. DRAYAGE TRUCK AND CARGO HANDLING EQUIPMENT
6 PURCHASE INCENTIVE.

7 SECTION 16. Section 386.183, Health and Safety Code, is
8 amended by amending Subsections (a), (b), (c), (d), and (e) and
9 adding Subsections (a-1) and (a-2) to read as follows:

10 (a) To be eligible for an incentive under this subchapter, a
11 person must:

12 (1) purchase a replacement drayage truck or cargo
13 handling equipment that under Subsection (a-2) and the guidelines
14 adopted by the commission under Section 386.182 is eligible for
15 inclusion in the program for an incentive under this subchapter;
16 and

17 (2) agree to:

18 (A) register the drayage truck in this state, if
19 the replacement vehicle is an on-road drayage truck;

20 (B) operate the drayage truck or cargo handling
21 equipment in and within a maximum distance established by the
22 commission of a seaport or rail yard in a nonattainment area of this
23 state for not less than 50 percent of the truck's or equipment's
24 ~~[vehicle's]~~ annual mileage or hours of operation, as determined by
25 the commission; and

26 (C) permanently remove the ~~[a pre-2007]~~ drayage
27 truck or cargo handling equipment replaced under the program

1 ~~[containing a pre-2007 engine owned by the person]~~ from operation
2 in a nonattainment area of this state by destroying the engine and
3 scrapping the truck or equipment after the purchase of the
4 replacement ~~[new]~~ truck or equipment in accordance with guidelines
5 established by the commission.

6 (a-1) To be eligible for replacement under this program:

7 (1) an on-road drayage truck must contain a pre-2007
8 model year on-road engine or an engine certified to an emission rate
9 equivalent to a pre-2007 model year engine; and

10 (2) a non-road drayage truck or cargo handling
11 equipment must contain:

12 (A) an engine certified to an emission rate
13 equivalent to the United States Environmental Protection Agency's
14 Tier 3 or earlier non-road emission standards; or

15 (B) an uncontrolled engine manufactured before
16 the United States Environmental Protection Agency's non-road
17 emission standards were first implemented.

18 (a-2) To be eligible for purchase under this program:

19 (1) an on-road drayage truck must be powered by an
20 electric motor or contain a 2010 or later on-road engine; and

21 (2) a non-road drayage truck or cargo handling
22 equipment must be powered by an electric motor or contain an engine
23 certified to an emission rate equivalent to the United States
24 Environmental Protection Agency's final Tier 4 non-road emission
25 standards or a more stringent emission standard.

26 (b) To receive money under an incentive program provided by
27 this subchapter, the purchaser of a drayage truck or cargo handling

1 equipment eligible for inclusion in the program must apply for the
2 incentive in the manner provided by law, rule, or guideline of the
3 commission.

4 (c) Not more than one incentive may be provided for each
5 drayage truck or piece of cargo handling equipment purchased.

6 (d) An incentive provided under this subchapter may be used
7 to fund not more than 80 percent of the purchase price of the
8 drayage truck or cargo handling equipment.

9 (e) The commission shall establish procedures to verify
10 that a person who receives an incentive:

11 (1) has operated in a seaport or rail yard and owned or
12 leased the drayage truck or cargo handling equipment to be replaced
13 for at least two years prior to receiving the grant; and

14 (2) permanently destroys the engine and scraps the
15 drayage truck or cargo handling equipment replaced under the
16 program [~~that contained the pre-2007 engine owned or leased by the~~
17 ~~person~~], in accordance with guidelines established by the
18 commission, after the purchase of the replacement [~~new~~] truck or
19 equipment.

20 SECTION 17. Section [386.205](#), Health and Safety Code, is
21 amended to read as follows:

22 Sec. 386.205. EVALUATION OF UTILITY COMMISSION AND
23 COMPTROLLER ENERGY EFFICIENCY PROGRAMS. (a) In cooperation with
24 the laboratory, the utility commission shall provide an annual
25 report to the commission that, by county, quantifies the reductions
26 of energy demand, peak loads, and associated emissions of air
27 contaminants achieved from programs implemented by the state energy

1 conservation office and from programs implemented under Section
2 [39.905](#), Utilities Code.

3 (b) The report must also quantify the reductions in the
4 emissions of each air contaminant subject to the permitting
5 requirements of Chapter [382](#).

6 SECTION 18. Section [386.252](#), Health and Safety Code, is
7 amended to read as follows:

8 Sec. 386.252. USE OF FUND. (a) Money in the fund may be
9 used only to implement and administer programs established under
10 the plan. Subject to the reallocation of funds by the commission
11 under Subsection (f), money [~~Money~~] appropriated to the commission
12 to be used for the programs under Section [386.051](#)(b) shall be
13 allocated at the beginning of each state fiscal biennium as
14 follows:

15 (1) not more than four percent may be used for the
16 clean school bus program under Chapter [390](#);

17 (2) [~~not more than~~] three percent may be used for the
18 new technology implementation grant program under Chapter [391](#), from
19 which at least \$1 million will be set aside for electricity storage
20 projects related to renewable energy;

21 (3) five percent may [~~shall~~] be used for the clean
22 fleet program under Chapter [392](#);

23 (4) not more than \$2 [~~\$3~~] million may be used by the
24 commission to fund grants for [~~a regional~~] air monitoring
25 activities in affected counties that are not otherwise required by
26 state or federal law [~~program in commission Regions 3 and 4~~] to be
27 implemented under the commission's oversight[, ~~including direction~~

1 ~~regarding the type, number, location, and operation of, and data~~
2 ~~validation practices for, monitors funded by the program through a~~
3 ~~regional nonprofit entity located in North Texas having~~
4 ~~representation from counties, municipalities, higher education~~
5 ~~institutions, and private sector interests across the area];~~

6 (5) ~~[not less than]~~ 16 percent may ~~[shall]~~ be used for
7 the Texas natural gas vehicle grant program under Chapter 394;

8 (6) 10 ~~[not more than five]~~ percent may be used ~~[to~~
9 ~~provide grants for natural gas fueling stations under the clean~~
10 ~~transportation triangle program under Section 394.010,~~

11 ~~[(7) not more than five percent may be used]~~ for the
12 Texas alternative fueling facilities program under Chapter 393, of
13 which a specified amount may be used for fueling stations to provide
14 natural gas fuel;

15 (7) ~~[(8)]~~ a specified amount may be used each year to
16 support research related to air quality as provided by Chapter 387;

17 (8) ~~[(9)]~~ not more than \$500,000 ~~[\$200,000]~~ may be
18 used for studies of or pilot programs for:

19 (A) incentives for port authorities located in
20 nonattainment areas to encourage cargo movement that reduces
21 emissions of nitrogen oxides and particulate matter;

22 (B) the designation of freight lanes on highways
23 that are to be used exclusively by low-emissions freight vehicles;
24 and

25 (C) the electrification of freight vehicles and
26 cargo handling equipment to increase commerce and to reduce
27 congestion and emissions ~~[a health effects study];~~

1 (9) not more than \$2 million may be used by the
2 commission to fund an alternative leak detection technology grant
3 program that:

4 (A) is to be implemented under the commission's
5 oversight; and

6 (B) provides grants for the purchase and use of
7 innovative technologies by an owner or operator, or a regional
8 nonprofit entity representing an owner or operator, of a facility
9 regulated under Subchapter I, Chapter 382, that is located in a
10 nonattainment area or affected county [~~(10) \$500,000 is to be~~
11 deposited in the state treasury to the credit of the clean air
12 account created under Section 382.0622 to supplement funding for
13 air quality planning activities in affected counties];

14 (10) [~~(11)~~] at least \$4 million and up to four percent
15 to a maximum of \$7 million, whichever is greater, is allocated to
16 the commission for administrative costs and costs for conducting
17 outreach and education activities to promote participation in the
18 programs funded under this section;

19 (11) if the commission contracts with a third party to
20 award all or a portion of the grants or other funding allocated to a
21 program listed in Section 386.051(b), an amount not to exceed five
22 percent of the contracted amount may be used for the administrative
23 costs incurred by the third party;

24 (12) [~~at least~~] two percent may [~~and up to five percent~~
25 of the fund is to] be used by the commission for the seaport and rail
26 yard areas emissions reduction [~~drayage truck incentive]~~ program
27 established under Subchapter D-1;

1 (13) ~~[not more than five percent may be used for the~~
2 ~~light-duty motor vehicle purchase or lease incentive program~~
3 ~~established under Subchapter D,~~

4 ~~[(14)]~~ not more than \$216,000 is allocated to the
5 commission to contract with the Energy Systems Laboratory at the
6 Texas A&M Engineering Experiment Station annually for the
7 development and annual computation of creditable statewide
8 emissions reductions and other reductions of air contaminants
9 subject to the permitting requirements of Chapter 382 that are
10 obtained through wind and other renewable energy resources for the
11 state implementation plan;

12 ~~[(15) 1.5 percent of the money in the fund is allocated~~
13 ~~for administrative costs incurred by the laboratory,]~~ and

14 (14) ~~[(16)]~~ the balance is to be used by the
15 commission for the diesel emissions reduction incentive program
16 under Subchapter C as determined by the commission.

17 (b) ~~[The commission may allocate unexpended money~~
18 ~~designated for the clean fleet program under Chapter 392 to other~~
19 ~~programs described under Subsection (a) after the commission~~
20 ~~allocates money to recipients under the clean fleet program.~~

21 ~~[(c) The commission may allocate unexpended money~~
22 ~~designated for the Texas alternative fueling facilities program~~
23 ~~under Chapter 393 to other programs described under Subsection (a)~~
24 ~~after the commission allocates money to recipients under the~~
25 ~~alternative fueling facilities program.~~

26 ~~[(d) The commission may reallocate money designated for the~~
27 ~~Texas natural gas vehicle grant program under Chapter 394 to other~~

1 ~~programs described under Subsection (a) if:~~

2 ~~[(1) the commission, in consultation with the governor~~
3 ~~and the advisory board, determines that the use of the money in the~~
4 ~~fund for that program will cause the state to be in noncompliance~~
5 ~~with the state implementation plan to the extent that federal~~
6 ~~action is likely; and~~

7 ~~[(2) the commission finds that the reallocation of~~
8 ~~some or all of the funding for the program would resolve the~~
9 ~~noncompliance.~~

10 ~~[(c) Under Subsection (d), the commission may not~~
11 ~~reallocate more than the minimum amount of money necessary to~~
12 ~~resolve the noncompliance.~~

13 ~~[(c-1) Money allocated under Subsection (a) to a particular~~
14 ~~program may be used for another program under the plan as determined~~
15 ~~by the commission.~~

16 ~~[(f)]~~ Money in the fund may be used by the commission for
17 programs under Sections 386.051(b)(13), (b)(14), and (b-1) as may
18 be appropriated for those programs.

19 (c) ~~[(g)]~~ If the legislature does not specify amounts or
20 percentages from the total appropriation to the commission to be
21 allocated under Subsection (a) or (b) ~~[(f)]~~, the commission shall
22 determine the amounts of the total appropriation to be allocated
23 under each of those subsections, such that the total appropriation
24 is expended while maximizing emissions reductions.

25 (d) To supplement funding for air quality planning
26 activities in affected counties, \$500,000 from the fund may be
27 deposited annually in the state treasury to the credit of the clean

1 air account created under Section 382.0622, if the commission
2 determines that the money is needed for that purpose.

3 (e) Money in the fund shall be allocated for administrative
4 costs incurred by the Energy Systems Laboratory at the Texas A&M
5 Engineering Experiment Station as may be appropriated by the
6 legislature.

7 (f) [~~h~~] Subject to the limitations outlined in this
8 section and any additional limitations placed on the use of the
9 appropriated funds, money allocated under this section to a
10 particular program may be used for another program under the plan as
11 determined by the commission, based on demand for grants for
12 eligible projects under particular programs after the commission
13 solicits projects to which to award grants according to the initial
14 allocation provisions of this section.

15 SECTION 19. Section 390.002, Health and Safety Code, is
16 amended by amending Subsection (b) and adding Subsection (c) to
17 read as follows:

18 (b) Projects that may be considered for a grant under the
19 program include:

20 (1) diesel oxidation catalyts for school buses built
21 before 1994;

22 (2) diesel particulate filters for school buses built
23 from 1994 to 1998;

24 (3) the purchase and use of emission-reducing add-on
25 equipment for school buses, including devices that reduce crankcase
26 emissions;

27 (4) the use of qualifying fuel; [~~and~~]

1 (5) other technologies that the commission finds will
2 bring about significant emissions reductions; and

3 (6) replacement of a school bus that is of model year
4 2006 or earlier.

5 (c) The commission may modify the model year requirements
6 under Subsection (b) in order to best meet the goals of the program.

7 SECTION 20. Section 390.004, Health and Safety Code, is
8 amended by adding Subsections (c), (d), and (e) to read as follows:

9 (c) A school bus proposed for replacement must:

10 (1) be of model year 2006 or earlier;

11 (2) have been owned and operated by the applicant for
12 at least the two years before submission of the grant application;

13 (3) be in good operational condition; and

14 (4) be currently used on a regular, daily route to and
15 from a school.

16 (d) A school bus proposed for purchase to replace a school
17 bus described by Subsection (c) must be of the current model year or
18 the year before the current model year at the time of submission of
19 the grant application.

20 (e) The commission may modify the model year requirement
21 under Subsection (c)(1) in order to best meet the goals of the
22 program.

23 SECTION 21. Section 390.005, Health and Safety Code, is
24 amended to read as follows:

25 Sec. 390.005. RESTRICTION ON USE OF GRANT. (a) A recipient
26 of a grant under this chapter shall use the grant to pay the
27 incremental costs of the project for which the grant is made, which

1 may include the reasonable and necessary expenses incurred for the
2 labor needed to install emissions-reducing equipment. The
3 recipient may not use the grant to pay the recipient's
4 administrative expenses. The commission may establish limits on
5 the eligible grant amounts and the percentage of incremental costs
6 that may be reimbursed under the grant.

7 (b) A school bus acquired to replace an existing school bus
8 must be purchased and the grant recipient must agree to own and
9 operate the school bus on a regular, daily route to and from a
10 school for at least five years after a start date established by the
11 commission, based on the date the commission accepts documentation
12 of the destruction of the school bus being replaced.

13 (c) A school bus replaced under the program must be
14 permanently removed from operation by destroying the engine and
15 scrapping the bus after the purchase of the new bus in accordance
16 with criteria established by the commission.

17 SECTION 22. Section 390.006, Health and Safety Code, is
18 amended to read as follows:

19 Sec. 390.006. EXPIRATION. This chapter expires August 31,
20 2025 [~~2019~~].

21 SECTION 23. Section 391.002(b), Health and Safety Code, is
22 amended to read as follows:

23 (b) Projects that may be considered for a grant under the
24 program include:

25 (1) advanced clean energy projects, as defined by
26 Section 382.003;

27 (2) new technology projects that reduce emissions of

1 regulated pollutants from stationary ~~[point]~~ sources;

2 (2-a) new technology projects that reduce emissions
3 from upstream and midstream oil and gas production, completions,
4 gathering, storage, processing, and transmission activities
5 through:

6 (A) the replacement, repower, or retrofit of
7 stationary compressor engines; or

8 (B) the installation of systems to reduce or
9 eliminate the loss of gas, flaring of gas, or burning of gas using
10 other combustion control devices; ~~and~~

11 (3) electricity storage projects related to renewable
12 energy, including projects to store electricity produced from wind
13 and solar generation that provide efficient means of making the
14 stored energy available during periods of peak energy use; and

15 (4) electricity storage projects that improve grid
16 reliability and air quality by reducing transmission congestion.

17 SECTION 24. Section 391.102(f), Health and Safety Code, is
18 amended to read as follows:

19 (f) In reviewing a grant application under this chapter
20 ~~[coordinating interagency application review procedures]~~, the
21 commission may ~~[shall]~~:

22 (1) solicit review and comments from:

23 (A) the comptroller to assess:

24 (i) the financial stability of the
25 applicant;

26 (ii) the economic benefits and job creation
27 potential associated with the project; and

1 (iii) any other information related to the
2 duties of that office;

3 (B) the Public Utility Commission of Texas to
4 assess:

5 (i) the reliability of the proposed
6 technology;

7 (ii) the feasibility and
8 cost-effectiveness of electric transmission associated with the
9 project; and

10 (iii) any other information related to the
11 duties of that agency; and

12 (C) the Railroad Commission of Texas to assess:

13 (i) the availability and cost of the fuel
14 involved with the project; and

15 (ii) any other information related to the
16 duties of that agency; and

17 (2) consider the comments received under Subdivision
18 (1) in the commission's grant award decision process [~~and~~

19 ~~(3) as part of the report required by Section~~
20 ~~391.104, justify awards made to projects that have been negatively~~
21 ~~reviewed by agencies under Subdivision (1)].~~

22 SECTION 25. Section 391.104, Health and Safety Code, is
23 amended to read as follows:

24 Sec. 391.104. REPORTING REQUIREMENTS. The commission
25 [~~annually~~] shall include in the biennial plan report required by
26 Section 386.057(b) information [~~prepare a report~~] that summarizes
27 the applications received and grants awarded in the preceding

1 biennium [~~year~~]. Preparation of the information for the report may
2 [~~must~~] include the participation of any [~~the~~] state agency
3 [~~agencies~~] involved in the review of applications under Section
4 391.102, if the commission determines participation of the agency
5 is needed.

6 SECTION 26. Section 391.205(a), Health and Safety Code, is
7 amended to read as follows:

8 (a) Except as provided by Subsection (c), in awarding grants
9 under this chapter the commission shall give preference to projects
10 that:

11 (1) involve the transport, use, recovery for use, or
12 prevention of the loss of natural resources originating or produced
13 in this state;

14 (2) contain an energy efficiency component; or

15 (3) include the use of solar, wind, or other renewable
16 energy sources.

17 SECTION 27. Section 391.304, Health and Safety Code, is
18 amended to read as follows:

19 Sec. 391.304. EXPIRATION. This chapter expires August 31,
20 2025 [~~2019~~].

21 SECTION 28. Sections 392.001(1), (6), and (7), Health and
22 Safety Code, are amended to read as follows:

23 (1) "Alternative fuel" means a fuel other than
24 gasoline or diesel fuel, including electricity, compressed natural
25 gas, liquefied [~~liquified~~] natural gas, hydrogen, or propane [~~or a~~
26 ~~mixture of fuels containing at least 85 percent methanol by~~
27 ~~volume~~].

1 (6) "Light-duty motor vehicle" means a motor vehicle
2 with a gross vehicle weight rating of less than 10,000 pounds [~~has~~
3 ~~the meaning assigned by Section 386.151~~].

4 (7) "Motor vehicle" means a self-propelled device
5 designed for transporting persons or property on a public highway
6 that is required to be registered under Chapter 502, Transportation
7 Code [~~has the meaning assigned by Section 386.151~~].

8 SECTION 29. Section 392.003(a), Health and Safety Code, is
9 amended to read as follows:

10 (a) A vehicle is a qualifying vehicle that may be considered
11 for a grant under the program if the vehicle:

12 (1) is a new on-road vehicle purchased by an entity
13 during the eligibility period established by the commission;

14 (2) [~~calendar year the entity purchases a new on-road~~
15 ~~vehicle that:~~

16 [~~(1)~~] is certified to current federal emissions
17 standards;

18 (3) [~~(2)~~] replaces a diesel-powered on-road vehicle
19 of the same weight classification and use; and

20 (4) [~~(3)~~] is a hybrid vehicle or fueled by an
21 alternative fuel.

22 SECTION 30. Section 392.004(d), Health and Safety Code, is
23 amended to read as follows:

24 (d) The commission shall minimize, to the maximum extent
25 possible, the amount of paperwork required for an application. [~~An~~

26 ~~applicant may be required to submit a photograph or other~~
27 ~~documentation of a vehicle identification number, registration~~

1 ~~information, inspection information, tire condition, or engine~~
2 ~~block identification only if the photograph or documentation is~~
3 ~~requested by the commission after the commission has decided to~~
4 ~~award a grant to the applicant under this chapter.]~~

5 SECTION 31. Section 392.005, Health and Safety Code, is
6 amended by amending Subsections (b), (c), and (i) and adding
7 Subsection (c-1) to read as follows:

8 (b) To be eligible for a grant under the program, a project
9 must:

10 (1) result in a reduction in emissions of nitrogen
11 oxides or other pollutants, as established by the commission, of at
12 least 25 percent, based on:

13 (A) the baseline emission level set by the
14 commission under Subsection (g); and

15 (B) the certified emission rate of the new
16 vehicle; and

17 (2) replace a vehicle that:

18 (A) is an on-road vehicle that has been owned,
19 leased, or otherwise commercially financed and registered and
20 operated by the applicant in Texas for at least the two years
21 immediately preceding the submission of a grant application;

22 (B) satisfies any minimum average annual mileage
23 or fuel usage requirements established by the commission;

24 (C) satisfies any minimum percentage of annual
25 usage requirements established by the commission; and

26 (D) is in operating condition and has at least
27 four [~~two~~] years of remaining useful life, as determined in

1 accordance with criteria established by the commission.

2 (c) As a condition of receiving a grant, the qualifying
3 vehicle must be continuously owned, registered, and operated in the
4 state by the grant recipient until the earlier of the fifth
5 anniversary of the activity start date established by the
6 commission [~~the date of reimbursement of the grant-funded expenses~~]
7 or [~~until~~] the date the vehicle has been in operation for 400,000
8 miles after the activity start date established by the commission
9 [~~of reimbursement~~]. Not less than 75 percent of the annual use of
10 the qualifying vehicle, either mileage or fuel use as determined by
11 the commission, must occur in the state.

12 (c-1) For purposes of Subsection (c), the commission shall
13 establish the activity start date based on the date the commission
14 accepts verification of the disposition of the vehicle being
15 replaced.

16 (i) The executive director may [~~shall~~] waive the
17 requirements of Subsection (b)(2)(A) on a finding of good cause,
18 which may include a waiver for short lapses in registration or
19 operation attributable to economic conditions, seasonal work, or
20 other circumstances.

21 SECTION 32. Section 392.008, Health and Safety Code, is
22 amended to read as follows:

23 Sec. 392.008. EXPIRATION. This chapter expires August 31,
24 2025 [~~2017~~].

25 SECTION 33. Section 393.001, Health and Safety Code, is
26 amended by amending Subdivision (1) and adding Subdivisions (1-a)
27 and (4) to read as follows:

1 (1) "Alternative fuel" means a fuel other than
2 gasoline or diesel fuel, other than biodiesel fuel, including
3 ~~[electricity,~~ compressed natural gas, liquefied ~~[liquified]~~
4 natural gas, hydrogen, propane, or electricity, including truck
5 stop electrification or high-capacity batteries to reduce truck
6 idling ~~[a mixture of fuels containing at least 85 percent methanol~~
7 ~~by volume]~~.

8 (1-a) "Clean transportation triangle" means:

9 (A) counties containing or intersected by a
10 portion of an interstate highway connecting the cities of Houston,
11 San Antonio, Dallas, and Fort Worth;

12 (B) counties located within the triangular area
13 formed by the interstate highways described by Paragraph (A);

14 (C) counties containing or intersected by a
15 portion of:

16 (i) an interstate highway connecting San
17 Antonio to Corpus Christi or Laredo; or

18 (ii) a state highway connecting Corpus
19 Christi and Laredo;

20 (D) counties located within the triangular area
21 formed by the highways described by Paragraph (C);

22 (E) counties in this state all or part of which
23 are included in a nonattainment area designated under Section
24 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407); and

25 (F) counties designated as affected counties
26 under Section [386.001](#).

27 (4) "State highway" means a highway in this state

1 included in the plan providing for a system of state highways
2 prepared by the executive director of the Texas Department of
3 Transportation under Section 201.103, Transportation Code.

4 SECTION 34. Section 393.002, Health and Safety Code, is
5 amended to read as follows:

6 Sec. 393.002. PROGRAM. (a) The commission shall establish
7 and administer the Texas alternative fueling facilities program to
8 provide fueling facilities for alternative fuel in the clean
9 transportation triangle [~~nonattainment areas~~]. Under the program,
10 the commission shall provide a grant for each eligible facility to
11 offset the cost of those facilities.

12 (b) An entity that constructs or [~~7~~] reconstructs [~~7~~ ~~or~~
13 ~~acquires~~] an alternative fueling facility is eligible to
14 participate in the program.

15 (c) To ensure that alternative fuel vehicles have access to
16 fuel and to build the foundation for a self-sustaining market for
17 alternative fuels in Texas, the commission shall provide for
18 strategically placed fueling facilities in the clean
19 transportation triangle to enable an alternative fuel vehicle to
20 travel in those areas relying solely on the alternative fuel.

21 (d) The commission shall maintain a listing to be made
22 available to the public online of all vehicle fueling facilities
23 that have received grant funding, including location and hours of
24 operation.

25 SECTION 35. Section 393.003, Health and Safety Code, is
26 amended by amending Subsections (a) and (b) and adding Subsections
27 (d) and (e) to read as follows:

1 (a) An entity operating in this state that constructs or [~~7~~]
2 reconstructs[~~7, or acquires~~] a facility to [~~store, compress, or~~]
3 dispense alternative fuels may apply for and receive a grant under
4 the program.

5 (b) The commission may [~~adopt guidelines to~~] allow a
6 regional planning commission, council of governments, or similar
7 regional planning agency created under Chapter 391, Local
8 Government Code, or a private nonprofit organization to apply for
9 and receive a grant to improve the ability of the program to achieve
10 its goals.

11 (d) An application for a grant under the program must
12 include a certification that the applicant complies with laws,
13 rules, guidelines, and requirements applicable to taxation of fuel
14 provided by the applicant at each fueling facility owned or
15 operated by the applicant. The commission may terminate a grant
16 awarded under this section without further obligation to the grant
17 recipient if the commission determines that the recipient did not
18 comply with a law, rule, guideline, or requirement described by
19 this subsection. This subsection does not create a cause of action
20 to contest an application or award of a grant.

21 (e) The commission shall award grants under the program
22 through a competitive application selection process to offset a
23 portion of the eligible costs.

24 SECTION 36. Section 393.004, Health and Safety Code, is
25 amended to read as follows:

26 Sec. 393.004. ELIGIBILITY OF FACILITIES FOR GRANTS. (a) In
27 addition to the requirements of this chapter, the commission shall

1 establish additional eligibility and prioritization criteria as
2 needed to implement the program [~~The commission by rule shall~~
3 ~~establish criteria for prioritizing facilities eligible to receive~~
4 ~~grants under this chapter. The commission shall review and revise~~
5 ~~the criteria as appropriate~~].

6 (b) Except as otherwise provided by this subsection, to [~~To~~]
7 be eligible for a grant under the program, the entity receiving the
8 grant must agree to make the alternative fueling facility
9 accessible and available to the public [~~persons not associated with~~
10 ~~the entity~~] at times designated by the commission in the grant
11 contract [~~agreement~~]. An entity may apply for and is eligible to
12 receive a grant for an alternative fueling facility that is not
13 accessible and available to the public with commission approval.

14 (c) The commission may not award more than one grant for
15 each facility.

16 (d) The commission may give preference to or otherwise limit
17 grant selections to:

18 (1) fueling facilities providing specific types of
19 alternative fuels;

20 (2) fueling facilities in a specified area or
21 location; and

22 (3) fueling facilities meeting other specified
23 prioritization criteria established by the commission.

24 (e) For fueling facilities to provide natural gas, the
25 commission shall give preference to:

26 (1) facilities providing both liquefied natural gas
27 and compressed natural gas at a single location;

1 (2) facilities located not more than one mile from an
2 interstate highway system;

3 (3) facilities located in the triangular area in and
4 between the Houston, San Antonio, and Dallas-Fort Worth areas; and

5 (4) facilities located in the triangular area in and
6 between the Corpus Christi, Laredo, and San Antonio areas [~~A~~
7 ~~recipient of a grant under this chapter is not eligible to receive a~~
8 ~~second grant under this chapter for the same facility~~].

9 SECTION 37. Section 393.005, Health and Safety Code, is
10 amended to read as follows:

11 Sec. 393.005. RESTRICTION ON USE OF GRANT. (a) A recipient
12 of a grant under this chapter shall use the grant only to pay the
13 costs of the facility for which the grant is made. The recipient may
14 not use the grant to pay the recipient's:

15 (1) administrative expenses;

16 (2) expenses for the purchase of land or an interest in
17 land; or

18 (3) expenses for equipment or facility improvements
19 that are not directly related to the delivery, storage,
20 compression, or dispensing of the alternative fuel at the facility.

21 (b) Each grant must be awarded using a contract that
22 requires the recipient to meet operational, maintenance, and
23 reporting requirements as specified by the commission.

24 SECTION 38. Section 393.006, Health and Safety Code, is
25 amended to read as follows:

26 Sec. 393.006. AMOUNT OF GRANT. (a) Grants awarded under
27 this chapter for a facility to provide alternative fuels other than

1 natural gas may not exceed [~~For each eligible facility for which a~~
2 ~~recipient is awarded a grant under the program, the commission~~
3 ~~shall award the grant in an amount equal to~~] the lesser of:

4 (1) 50 percent of the sum of the actual eligible costs
5 incurred by the grant recipient within deadlines established by the
6 commission [~~to construct, reconstruct, or acquire the facility~~]; or

7 (2) \$600,000.

8 (b) Grants awarded under this chapter for a facility to
9 provide natural gas may not exceed:

10 (1) \$400,000 for a compressed natural gas facility;

11 (2) \$400,000 for a liquefied natural gas facility; or

12 (3) \$600,000 for a facility providing both liquefied
13 and compressed natural gas.

14 SECTION 39. Section [393.007](#), Health and Safety Code, is
15 amended to read as follows:

16 Sec. 393.007. EXPIRATION. This chapter expires August 31,
17 2025 [~~2018~~].

18 SECTION 40. Section [394.001](#), Health and Safety Code, is
19 amended by amending Subdivisions (1), (4), (5), and (7) and adding
20 Subdivision (1-a) to read as follows:

21 (1) "Certified" includes:

22 (A) new vehicle or engine certification by the
23 United States Environmental Protection Agency; or

24 (B) certification or approval by the United
25 States Environmental Protection Agency of a system to convert a
26 vehicle or engine to operate on an alternative fuel and a
27 demonstration by the emissions data used to certify or approve the

1 vehicle or engine, if the commission determines the testing used to
2 obtain the emissions data is consistent with the testing required
3 for approval of an alternative fuel conversion system for new and
4 relatively new vehicles or engines under 40 C.F.R. Part 85
5 ~~["Advisory board" means the Texas Emissions Reduction Plan Advisory~~
6 ~~Board].~~

7 (1-a) "Clean transportation triangle" has the meaning
8 assigned by Section 393.001.

9 (4) "Heavy-duty motor vehicle" means a motor vehicle
10 that ~~[with]:~~

11 (A) has a gross vehicle weight rating of more
12 than 8,500 pounds; and

13 (B) is certified to or has an engine certified to
14 the United States Environmental Protection Agency's emissions
15 standards for heavy-duty vehicles or engines.

16 (5) "Incremental cost" has the meaning assigned by
17 Section 386.001 ~~[means the difference between the manufacturer's~~
18 ~~suggested retail price of a baseline vehicle, the documented dealer~~
19 ~~price of a baseline vehicle, cost to lease or otherwise~~
20 ~~commercially finance a baseline vehicle, cost to repower with a~~
21 ~~baseline engine, or other appropriate baseline cost established by~~
22 ~~the commission, and the actual cost of the natural gas vehicle~~
23 ~~purchase, lease, or other commercial financing, or repower].~~

24 (7) "Motor vehicle" has the meaning assigned by
25 Section 392.001 ~~[386.151].~~

26 SECTION 41. Section 394.003(a), Health and Safety Code, is
27 amended to read as follows:

1 (a) A vehicle is a qualifying vehicle that may be considered
2 for a grant under the program if during the eligibility period
3 established by the commission [~~calendar year~~] the entity:

4 (1) purchased, leased, or otherwise commercially
5 financed the vehicle as a new on-road heavy-duty or medium-duty
6 motor vehicle that:

7 (A) is a natural gas vehicle;

8 (B) is certified to current federal emissions
9 standards;

10 (C) replaces an on-road heavy-duty or
11 medium-duty motor vehicle of the same weight classification and
12 use; and

13 (D) is certified to or powered by an engine
14 certified to:

15 (i) emit not more than 0.2 grams of nitrogen
16 oxides per brake horsepower hour; [~~or~~]

17 (ii) meet or exceed the United States
18 Environmental Protection Agency's Bin 5 standard for light-duty
19 engines when powering the vehicle; or

20 (iii) meet or exceed the United States
21 Environmental Protection Agency's chassis-certified heavy-duty
22 vehicle emission standard of:

23 (a) 0.2 grams of nitrogen oxides per
24 mile for vehicles with a gross vehicle weight rating of 8,501 to
25 10,000 pounds; or

26 (b) 0.4 grams of nitrogen oxides per
27 mile for vehicles with a gross vehicle weight rating of 10,001 to

1 14,000 pounds; or

2 (2) repowered the on-road motor vehicle to a natural
3 gas vehicle powered by a natural gas engine that:

4 (A) is certified to current federal emissions
5 standards; and

6 (B) is:

7 (i) a heavy-duty engine that is certified
8 to emit not more than 0.2 grams of nitrogen oxides per brake
9 horsepower hour; ~~or~~

10 (ii) certified to meet or exceed the United
11 States Environmental Protection Agency's Bin 5 standard for
12 light-duty engines when powering the vehicle; or

13 (iii) certified to meet or exceed the
14 United States Environmental Protection Agency's chassis-certified
15 heavy-duty vehicle emission standard of:

16 (a) 0.2 grams of nitrogen oxides per
17 mile for vehicles with a gross vehicle weight rating of 8,501 to
18 10,000 pounds when powering the vehicle; or

19 (b) 0.4 grams of nitrogen oxides per
20 mile for vehicles with a gross vehicle weight rating of 10,001 to
21 14,000 pounds when powering the vehicle.

22 SECTION 42. Section 394.005, Health and Safety Code, is
23 amended by amending Subsections (a), (b), (c), (g), and (i) and
24 adding Subsection (c-1) to read as follows:

25 (a) The commission ~~[by rule]~~ shall establish criteria for
26 prioritizing qualifying vehicles eligible to receive grants under
27 this chapter. The commission shall review and revise the criteria

1 as appropriate [~~after consultation with the advisory board~~].

2 (b) To be eligible for a grant under the program:

3 (1) the use of the qualifying vehicle must be
4 projected to result in a reduction in emissions of nitrogen oxides
5 of at least 25 percent as compared to the motor vehicle or engine
6 being replaced, based on:

7 (A) the baseline emission level set by the
8 commission under Subsection (g); and

9 (B) the certified emission rate of the new
10 vehicle; and

11 (2) the qualifying vehicle must:

12 (A) replace a heavy-duty or medium-duty motor
13 vehicle that:

14 (i) is an on-road vehicle that has been
15 owned, leased, or otherwise commercially financed and registered
16 and operated by the applicant in Texas for at least the two years
17 immediately preceding the submission of a grant application;

18 (ii) satisfies any minimum average annual
19 mileage or fuel usage requirements established by the commission;

20 (iii) satisfies any minimum percentage of
21 annual usage requirements established by the commission; and

22 (iv) is in operating condition and has at
23 least four [~~two~~] years of remaining useful life, as determined in
24 accordance with criteria established by the commission; or

25 (B) be a heavy-duty or medium-duty motor vehicle
26 repowered with a natural gas engine that:

27 (i) is installed in an on-road vehicle that

1 has been owned, leased, or otherwise commercially financed and
2 registered and operated by the applicant in Texas for at least the
3 two years immediately preceding the submission of a grant
4 application;

5 (ii) satisfies any minimum average annual
6 mileage or fuel usage requirements established by the commission;

7 (iii) satisfies any minimum percentage of
8 annual usage requirements established by the commission; and

9 (iv) is installed in an on-road vehicle
10 that, at the time of the vehicle's repowering, was in operating
11 condition and had at least four [~~two~~] years of remaining useful
12 life, as determined in accordance with criteria established by the
13 commission.

14 (c) As a condition of receiving a grant, the qualifying
15 vehicle must be continuously owned, leased, or otherwise
16 commercially financed and registered and operated in the state by
17 the grant recipient until the earlier of the fourth anniversary of
18 the activity start date established by the commission [~~the date of~~
19 ~~reimbursement of the grant-funded expenses~~] or [~~until~~] the date the
20 vehicle has been in operation for 400,000 miles after the activity
21 start date established by the commission [~~of reimbursement~~]. Not
22 less than 75 percent of the annual use of the qualifying vehicle,
23 either mileage or fuel use as determined by the commission, must
24 occur in the clean transportation triangle [+]

25 [~~(1) the counties any part of which are included in the~~
26 ~~area described by Section 394.010(a), or~~

27 [~~(2) counties designated as nonattainment areas~~

1 ~~within the meaning of Section 107(d) of the federal Clean Air Act~~
2 ~~(42 U.S.C. Section 7407)]~~.

3 (c-1) For purposes of Subsection (c), the commission shall
4 establish the activity start date based on the date the commission
5 accepts verification of the disposition of the vehicle or engine.

6 (g) The commission shall establish baseline emission levels
7 for emissions of nitrogen oxides for on-road heavy-duty or
8 medium-duty motor vehicles being replaced or repowered by using the
9 emission certification for the engine or vehicle being
10 replaced. The commission may consider deterioration of the
11 emission performance of the engine of the vehicle being replaced in
12 establishing the baseline emission level. The commission may
13 consider and establish baseline emission rates for additional
14 pollutants of concern~~[, as determined by the commission after~~
15 ~~consultation with the advisory board]~~.

16 (i) The executive director may ~~[shall]~~ waive the
17 requirements of Subsection (b)(2)(A)(i) on a finding of good cause,
18 which may include short lapses in registration or operation due to
19 economic conditions, seasonal work, or other circumstances.

20 SECTION 43. Section [394.006](#), Health and Safety Code, is
21 amended to read as follows:

22 Sec. 394.006. RESTRICTION ON USE OF GRANT. A recipient of
23 a grant under this chapter shall use the grant to pay the
24 incremental costs of the replacement or vehicle repower for which
25 the grant is made, which may include a portion of the initial cost
26 of the natural gas vehicle or natural gas engine, including the cost
27 of the natural gas fuel system and installation ~~[and the reasonable~~

1 ~~and necessary expenses incurred for the labor needed to install~~
2 ~~emissions-reducing equipment~~]. The recipient may not use the
3 grant to pay the recipient's administrative expenses.

4 SECTION 44. Section 394.007(c), Health and Safety Code, is
5 amended to read as follows:

6 (c) A person may not receive a grant under this chapter
7 that, when combined with any other grant, tax credit, or other
8 governmental incentive, exceeds the incremental cost of the vehicle
9 or vehicle repower for which the grant is awarded. A person shall
10 return to the commission the amount of a grant awarded under this
11 chapter that, when combined with any other grant, tax credit, or
12 other governmental incentive, exceeds the incremental cost of the
13 vehicle or vehicle repower for which the grant is awarded.

14 SECTION 45. Sections 394.008(a) and (b), Health and Safety
15 Code, are amended to read as follows:

16 (a) The commission shall establish ~~[adopt]~~ procedures for:

17 (1) awarding grants under this chapter to reimburse
18 eligible costs ~~[in the form of rebates]~~; and

19 (2) streamlining the grant application, contracting,
20 reimbursement, and reporting process for qualifying natural gas
21 vehicle purchases or repowers.

22 (b) Procedures established ~~[adopted]~~ under this section
23 must:

24 (1) provide for the commission to compile and
25 regularly update a listing of potentially eligible ~~[preapproved]~~
26 natural gas vehicles and engines powered by natural gas that are
27 certified to:

1 (A) ~~[powered by natural gas engines certified to]~~
2 emit not more than 0.2 grams of nitrogen oxides per brake horsepower
3 hour; ~~[or]~~

4 (B) meet or exceed ~~[certified to]~~ the United
5 States Environmental Protection Agency's light-duty Bin 5 standard
6 ~~[or better]~~; or

7 (C) meet or exceed the United States
8 Environmental Protection Agency's chassis-certified heavy-duty
9 vehicle emission standard of:

10 (i) 0.2 grams of nitrogen oxides per mile
11 for vehicles with a gross vehicle weight rating of 8,501 to 10,000
12 pounds; or

13 (ii) 0.4 grams of nitrogen oxides per mile
14 for vehicles with a gross vehicle weight rating of 10,001 to 14,000
15 pounds;

16 (2) if a federal standard for the calculation of
17 emissions reductions exists, provide a method to calculate the
18 reduction in emissions of nitrogen oxides, volatile organic
19 compounds, carbon monoxide, particulate matter, and sulfur
20 compounds for each replacement or repowering;

21 (3) assign a standardized grant ~~[rebate]~~ amount for
22 each qualifying vehicle or engine repower under Section [394.007](#);

23 (4) allow for processing applications ~~[rebates]~~ on an
24 ongoing first-come, first-served basis;

25 (5) ~~[provide for contracts between the commission and~~
26 ~~participating dealers under Section [394.009](#),~~

27 ~~[(6) allow grant recipients to assign their grant~~

1 ~~funds to participating dealers to offset the purchase or lease~~
2 ~~price,~~

3 ~~(7)~~ require grant applicants to identify natural gas
4 fueling stations that are available to fuel the qualifying vehicle
5 in the area of its use;

6 (6) ~~(8)~~ provide for payment not later than the 30th
7 day after the date the request for reimbursement for an approved
8 grant is received;

9 (7) ~~(9)~~ provide for application submission and
10 application status checks using procedures established by the
11 commission, which may include application submission and status
12 checks to be made over the Internet; and

13 (8) ~~(10)~~ consolidate, simplify, and reduce the
14 administrative work for applicants and the commission associated
15 with grant application, contracting, reimbursement, and reporting
16 requirements.

17 SECTION 46. Section [394.012](#), Health and Safety Code, is
18 amended to read as follows:

19 Sec. 394.012. EXPIRATION. This chapter expires August 31,
20 2025 ~~[2017]~~.

21 SECTION 47. Section [151.0515](#)(d), Tax Code, is amended to
22 read as follows:

23 (d) This section expires August 31, 2025 ~~[2019]~~.

24 SECTION 48. Section [152.0215](#)(c), Tax Code, is amended to
25 read as follows:

26 (c) This section expires August 31, 2025 ~~[2019]~~.

27 SECTION 49. Section [501.138](#)(b-3), Transportation Code, is

1 amended to read as follows:

2 (b-3) This subsection and Subsection (b-2) expire August
3 31, 2025 [~~2019~~].

4 SECTION 50. Section 502.358(c), Transportation Code, is
5 amended to read as follows:

6 (c) This section expires August 31, 2025 [~~2019~~].

7 SECTION 51. The heading to Section 548.5055, Transportation
8 Code, is amended to read as follows:

9 Sec. 548.5055. TEXAS EMISSIONS [~~EMISSION~~] REDUCTION PLAN
10 FEE.

11 SECTION 52. Sections 548.5055(b) and (c), Transportation
12 Code, are amended to read as follows:

13 (b) The department shall remit fees collected under this
14 section to the comptroller at the time and in the manner prescribed
15 by the comptroller for deposit in the Texas emissions [~~emission~~]
16 reduction plan fund.

17 (c) This section expires August 31, 2025 [~~2019~~].

18 SECTION 53. Sections 386.112, 386.113, 386.114, 386.115,
19 386.117(e), 391.302, 394.009, 394.010, and 394.011, Health and
20 Safety Code, are repealed.

21 SECTION 54. The changes in law made by this Act apply only
22 to a Texas emissions reduction plan grant awarded on or after the
23 effective date of this Act. A grant awarded before the effective
24 date of this Act is governed by the law in effect on the date the
25 award was made, and the former law is continued in effect for that
26 purpose.

27 SECTION 55. (a) Not later than December 31, 2017, the Texas

1 Commission on Environmental Quality shall post on the commission's
2 Internet website the information required by Sections
3 386.102(e)(4)(A) and 386.117(g)(1), Health and Safety Code, as
4 added by this Act.

5 (b) As soon as practicable after December 31, 2017, the
6 Texas Commission on Environmental Quality shall implement the
7 methods required by Sections 386.102(e)(4)(B) and 386.117(g)(2),
8 Health and Safety Code, as added by this Act.

9 SECTION 56. This Act takes effect August 30, 2017.