

R E S O L U T I O N

1 BE IT RESOLVED by the House of Representatives of the State of  
2 Texas, 85th Legislature, Regular Session, 2017, That House Rule 13,  
3 Section 9(a), be suspended in part as provided by House Rule 13,  
4 Section 9(f), to enable the conference committee appointed to  
5 resolve the differences on Senate Bill 1731 (the repeal of laws  
6 governing certain state entities, including the functions of those  
7 entities) to consider and take action on the following matters:

8 (1) House Rule 13, Section 9(a)(4), is suspended to permit  
9 the committee to add text on a matter not included in either the  
10 house or senate version of the bill by adding the following text in  
11 proposed SECTION 8 of the bill:

12 SECTION 8. TEXAS EMISSIONS REDUCTION PLAN ADVISORY BOARD.

13 . . .

14 (b) To the extent of a conflict between Subsection (a-2) of  
15 this section and any change in law made by another provision of this  
16 section, the change in law made by the other provision of this  
17 section controls.

18 (b-1) Effective on the date that the Texas Emissions  
19 Reduction Plan Advisory Board is abolished under Subsection (a) of  
20 this section, Subchapter B, Chapter 382, Health and Safety Code, is  
21 amended by adding Section 382.037 to read as follows:

22 Sec. 382.037. NOTICE IN TEXAS REGISTER REGARDING NATIONAL  
23 AMBIENT AIR QUALITY STANDARDS FOR OZONE. (a) This section applies  
24 only if:

1           (1) with respect to each active or revoked national  
2 ambient air quality standard for ozone referenced in 40 C.F.R.  
3 Section 81.344, the United States Environmental Protection Agency  
4 has, for each designated area referenced in that section:

5                   (A) designated the area as attainment or  
6 unclassifiable/attainment; or

7                   (B) approved a redesignation substitute making a  
8 finding of attainment for the area; and

9           (2) for each designated area described by Subdivision  
10 (1), with respect to an action of the United States Environmental  
11 Protection Agency described by Subdivision (1)(A) or (B):

12                   (A) the action has been fully and finally upheld  
13 following judicial review or the limitations period to seek  
14 judicial review of the action has expired; and

15                   (B) the rules under which the action was approved  
16 by the agency have been fully and finally upheld following judicial  
17 review or the limitations period to seek judicial review of those  
18 rules has expired.

19           (b) Not later than the 30th day after the date the  
20 conditions described by Subsection (a) have been met, the  
21 commission shall publish notice in the Texas Register that, with  
22 respect to each active or revoked national ambient air quality  
23 standard for ozone referenced in 40 C.F.R. Section 81.344, the  
24 United States Environmental Protection Agency has, for each  
25 designated area referenced in that section:

26                   (1) designated the area as attainment or  
27 unclassifiable/attainment; or

1           (2) approved a redesignation substitute making a  
2 finding of attainment for the area.

3           (b-2) Effective on the date that the Texas Emissions  
4 Reduction Plan Advisory Board is abolished under Subsection (a) of  
5 this section, Section 386.001(3), Health and Safety Code, is  
6 amended to read as follows:

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

9           (c) Effective on the date that the Texas Emissions Reduction  
10 Plan Advisory Board is abolished under Subsection (a) of this  
11 section, Section 386.002, Health and Safety Code, is amended to  
12 read as follows:

13           Sec. 386.002. EXPIRATION. This chapter expires on the last  
14 day of the state fiscal biennium during which the commission  
15 publishes in the Texas Register the notice required by Section  
16 382.037 [August 31, 2019].

17           (c-1) Effective on the date that the Texas Emissions  
18 Reduction Plan Advisory Board is abolished under Subsection (a) of  
19 this section, Section 386.051(b), Health and Safety Code, is  
20 amended to read as follows:

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

23           (1) the diesel emissions reduction incentive program  
24 established under Subchapter C, including for infrastructure  
25 projects established under that subchapter;

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

- 1 (3) the air quality research support program  
2 established under Chapter 387;
- 3 (4) the clean school bus program established under  
4 Chapter 390;
- 5 (5) the new technology implementation grant program  
6 established under Chapter 391;
- 7 (6) the regional air monitoring program established  
8 under Section 386.252(a);
- 9 (7) a health effects study as provided by Section  
10 386.252(a);
- 11 (8) air quality planning activities as provided by  
12 Section 386.252(d) [~~386.252(a)~~];
- 13 (9) a contract with the Energy Systems Laboratory at  
14 the Texas A&M Engineering Experiment Station for computation of  
15 creditable statewide emissions reductions as provided by Section  
16 386.252(a) [~~386.252(a)(14)~~];
- 17 (10) the clean fleet program established under Chapter  
18 392;
- 19 (11) the alternative fueling facilities program  
20 established under Chapter 393;
- 21 (12) the natural gas vehicle grant program [~~and clean~~  
22 ~~transportation triangle program~~] established under Chapter 394;
- 23 (13) other programs the commission may develop that  
24 lead to reduced emissions of nitrogen oxides, particulate matter,  
25 or volatile organic compounds in a nonattainment area or affected  
26 county;
- 27 (14) other programs the commission may develop that

1 support congestion mitigation to reduce mobile source ozone  
2 precursor emissions; ~~and~~

3 (15) the seaport and rail yard areas emissions  
4 reduction ~~[drayage truck incentive]~~ program established under  
5 Subchapter D-1;

6 (16) conducting research and other activities  
7 associated with making any necessary demonstrations to the United  
8 States Environmental Protection Agency to account for the impact of  
9 foreign emissions or an exceptional event;

10 (17) studies of or pilot programs for incentives for  
11 port authorities located in nonattainment areas or affected  
12 counties as provided by Section 386.252(a); and

13 (18) the governmental alternative fuel fleet grant  
14 program established under Chapter 395.

15 (c-2) Effective on the date that the Texas Emissions  
16 Reduction Plan Advisory Board is abolished under Subsection (a) of  
17 this section, Sections 386.0515(a) and (c), Health and Safety Code,  
18 are amended to read as follows:

19 (a) In this section:

20 (1) "Agricultural ~~[, ——— "agricultural]~~ product  
21 transportation" means the transportation of a raw agricultural  
22 product from the place of production using a heavy-duty truck to:

23 (A) ~~[(1)]~~ a nonattainment area;

24 (B) ~~[(2)]~~ an affected county;

25 (C) ~~[(3)]~~ a destination inside the clean  
26 transportation zone ~~[triangle]~~; or

27 (D) ~~[(4)]~~ a county adjacent to a county described

1 by Paragraph (B) [~~Subdivision (2)~~] or that contains an area  
2 described by Paragraph (A) or (C) [~~Subdivision (1) or (3)~~].

3 (2) "Clean transportation zone" has the meaning  
4 assigned by Section 393.001.

5 (c) The determining factor for eligibility for  
6 participation in a program established under Chapter 392 or  
7 [~~Chapter~~] 394 [~~, as added by Chapter 892 (Senate Bill No. 385), Acts~~  
8 ~~of the 82nd Legislature, Regular Session, 2011,~~] for a project  
9 relating to agricultural product transportation is the overall  
10 accumulative net reduction in emissions of oxides of nitrogen in a  
11 nonattainment area, an affected county, or the clean transportation  
12 zone [~~triangle~~].

13 . . .

14 (d-1) Effective on the date that the Texas Emissions  
15 Reduction Plan Advisory Board is abolished under Subsection (a) of  
16 this section, Section 386.103, Health and Safety Code, is amended  
17 by adding Subsection (c) to read as follows:

18 (c) To reduce the administrative burden for the commission  
19 and applicants, the commission may streamline the application  
20 process by:

21 (1) reducing data entry and the copying and recopying  
22 of applications; and

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

26 (d-2) Effective on the date that the Texas Emissions  
27 Reduction Plan Advisory Board is abolished under Subsection (a) of

1 this section, Sections 386.104(f) and (j), Health and Safety Code,  
2 are amended to read as follows:

3 . . .

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

9 . . .

10 (e-1) Effective on the date that the Texas Emissions  
11 Reduction Plan Advisory Board is abolished under Subsection (a) of  
12 this section, Sections 386.116(a), (b), and (c), Health and Safety  
13 Code, are amended to read as follows:

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

16 (1) owns and operates not more than five [~~two~~]  
17 vehicles, one of which is:

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

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

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

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

27 (1) create a separate small business grant program; or

1           (2) require the commission to give special  
2 consideration to small businesses when implementing another  
3 program established under this subchapter.

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

8           (e-2) Effective on the date that the Texas Emissions  
9 Reduction Plan Advisory Board is abolished under Subsection (a) of  
10 this section, Chapter 386, Health and Safety Code, is amended by  
11 adding Subchapter D to read as follows:

12       SUBCHAPTER D. MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE PROGRAM

13           Sec. 386.151. DEFINITIONS. In this subchapter:

14           (1) "Light-duty motor vehicle" means a motor vehicle  
15 with a gross vehicle weight rating of less than 10,000 pounds.

16           (2) "Motor vehicle" means a self-propelled device  
17 designed for transporting persons or property on a public highway  
18 that is required to be registered under Chapter 502, Transportation  
19 Code.

20           Sec. 386.152. APPLICABILITY. The provisions of this  
21 subchapter relating to a lessee do not apply to a person who rents  
22 or leases a light-duty motor vehicle for a term of 30 days or less.

23           Sec. 386.153. COMMISSION DUTIES REGARDING LIGHT-DUTY MOTOR  
24 VEHICLE PURCHASE OR LEASE INCENTIVE PROGRAM. (a) The commission  
25 shall develop a purchase or lease incentive program for new  
26 light-duty motor vehicles and shall adopt rules necessary to  
27 implement the program.



1       (b) The program shall authorize statewide incentives for  
2 the purchase or lease of new light-duty motor vehicles powered by  
3 compressed natural gas, liquefied petroleum gas, or hydrogen fuel  
4 cell or other electric drives for a purchaser or lessee who agrees  
5 to register and operate the vehicle in this state for a minimum  
6 period of time to be established by the commission.

7       (c) Only one incentive will be provided for each new  
8 light-duty motor vehicle. The incentive shall be provided to the  
9 lessee and not to the purchaser if the motor vehicle is purchased  
10 for the purpose of leasing the vehicle to another person.

11       (d) The commission by rule may revise the standards for the  
12 maximum unloaded vehicle weight rating and gross vehicle weight  
13 rating of an eligible vehicle to ensure that all of the vehicle  
14 weight configurations available under one general vehicle model may  
15 be eligible for an incentive.

16       Sec. 386.154. LIGHT-DUTY MOTOR VEHICLE PURCHASE OR LEASE  
17 INCENTIVE REQUIREMENTS. (a) A new light-duty motor vehicle  
18 powered by compressed natural gas or liquefied petroleum gas is  
19 eligible for a \$5,000 incentive if the vehicle:

20               (1) has four wheels;

21               (2) was originally manufactured to comply with and has  
22 been certified by an original equipment manufacturer or  
23 intermediate or final state vehicle manufacturer as complying with,  
24 or has been altered to comply with, federal motor vehicle safety  
25 standards, state emissions regulations, and any additional federal  
26 or state regulations applicable to vehicles powered by compressed  
27 natural gas or liquefied petroleum gas;

1           (3) was manufactured for use primarily on public  
2 streets, roads, and highways;

3           (4) has a dedicated or bi-fuel compressed natural gas  
4 or liquefied petroleum gas fuel system:

5                 (A) installed prior to first sale or within 500  
6 miles of operation of the vehicle following first sale; and

7                 (B) with a range of at least 125 miles as  
8 estimated, published, and updated by the United States  
9 Environmental Protection Agency;

10           (5) has, as applicable, a:

11                 (A) compressed natural gas fuel system that  
12 complies with the:

13                         (i) 2013 NFPA 52 Vehicular Gaseous Fuel  
14 Systems Code; and

15                         (ii) American National Standard for Basic  
16 Requirements for Compressed Natural Gas Vehicle (NGV) Fuel  
17 Containers, commonly cited as "ANSI/CSA NGV2"; or

18                 (B) liquefied petroleum gas fuel system that  
19 complies with:

20                         (i) the 2011 NFPA 58 Liquefied Petroleum  
21 Gas Code; and

22                         (ii) Section VII of the 2013 ASME Boiler and  
23 Pressure Vessel Code; and

24           (6) was acquired on or after September 1, 2013, or a  
25 later date established by the commission, by the person applying  
26 for the incentive under this subsection and for use or lease by that  
27 person and not for resale.

1        (b) If the commission determines that an updated version of  
2 a code or standard described by Subsection (a)(5) is more stringent  
3 than the version of the code or standard described by Subsection  
4 (a)(5), the commission by rule may provide that a vehicle for which  
5 a person applies for an incentive under Subsection (a) is eligible  
6 for the incentive only if the vehicle complies with the updated  
7 version of the code or standard.

8        (c) The incentive under Subsection (a) is limited to 1,000  
9 vehicles for each state fiscal biennium.

10       (d) A new light-duty motor vehicle powered by an electric  
11 drive is eligible for a \$2,500 incentive if the vehicle:

12                (1) has four wheels;

13                (2) was manufactured for use primarily on public  
14 streets, roads, and highways;

15                (3) has not been modified from the original  
16 manufacturer's specifications;

17                (4) has a maximum speed capability of at least 55 miles  
18 per hour;

19                (5) is propelled to a significant extent by an  
20 electric motor that draws electricity from a hydrogen fuel cell or  
21 from a battery that:

22                        (A) has a capacity of not less than four kilowatt  
23 hours; and

24                        (B) is capable of being recharged from an  
25 external source of electricity; and

26                (6) was acquired on or after September 1, 2013, or a  
27 later date as established by the commission, by the person applying

1 for the incentive under this subsection and for use or lease by that  
2 person and not for resale.

3 (e) The incentive under Subsection (d) is limited to 2,000  
4 vehicles for each state fiscal biennium.

5 Sec. 386.155. MANUFACTURER'S REPORT. (a) At the beginning  
6 of but not later than July 1 of each year preceding the vehicle  
7 model year, a manufacturer of motor vehicles, an intermediate or  
8 final state vehicle manufacturer, or a manufacturer of compressed  
9 natural gas or liquefied petroleum gas systems shall provide to the  
10 commission a list of the new vehicle or natural gas or liquefied  
11 petroleum gas systems models that the manufacturer intends to sell  
12 in this state during that model year that meet the incentive  
13 requirements established under Section 386.154. The manufacturer  
14 or installer may supplement the list provided to the commission  
15 under this section as necessary to include additional new vehicle  
16 models the manufacturer intends to sell in this state during the  
17 model year.

18 (b) The commission may supplement the information provided  
19 under Subsection (a) with additional information on available  
20 vehicle models, including information provided by manufacturers or  
21 installers of systems to convert new motor vehicles to operate on  
22 natural gas or liquefied petroleum gas before sale as a new vehicle  
23 or within 500 miles of operation of the vehicle following first  
24 sale.

25 Sec. 386.156. LIST OF ELIGIBLE MOTOR VEHICLES. (a) On  
26 August 1 of each year the commission shall publish a list of new  
27 motor vehicle models eligible for inclusion in an incentive under

1 this subchapter. The commission shall publish supplements to that  
2 list as necessary to include additional new vehicle models.

3 (b) The commission shall publish the list of eligible motor  
4 vehicle models on the commission's Internet website.

5 Sec. 386.157. LIGHT-DUTY MOTOR VEHICLE PURCHASE OR LEASE  
6 INCENTIVE. (a) A person who purchases or leases a new light-duty  
7 motor vehicle described by Section 386.154 and listed under Section  
8 386.156(a) is eligible to apply for an incentive under this  
9 subchapter.

10 (b) A lease incentive for a new light-duty motor vehicle  
11 shall be prorated based on a three-year lease term.

12 (c) To receive money under an incentive program provided by  
13 this subchapter, the purchaser or lessee of a new light-duty motor  
14 vehicle who is eligible to apply for an incentive under this  
15 subchapter shall apply for the incentive in the manner provided by  
16 law or by rule of the commission.

17 Sec. 386.158. COMMISSION TO ACCOUNT FOR MOTOR VEHICLE  
18 PURCHASE OR LEASE INCENTIVES. (a) The commission by rule shall  
19 develop a method to administer and account for the motor vehicle  
20 purchase or lease incentives authorized by this subchapter and to  
21 pay incentive money to the purchaser or lessee of a new motor  
22 vehicle, on application of the purchaser or lessee as provided by  
23 this subchapter.

24 (b) The commission shall develop and publish forms and  
25 instructions for the purchaser or lessee of a new motor vehicle to  
26 use in applying to the commission for an incentive payment under  
27 this subchapter. The commission shall make the forms available to

1 new motor vehicle dealers and leasing agents. Dealers and leasing  
2 agents shall make the forms available to their prospective  
3 purchasers or lessees.

4 (c) The commission may require the submission of forms and  
5 documentation as needed to verify eligibility for an incentive  
6 under this subchapter.

7 Sec. 386.159. PURCHASE OR LEASE INCENTIVES INFORMATION.

8 (a) The commission shall establish a toll-free telephone number  
9 available to motor vehicle dealers and leasing agents for the  
10 dealers and agents to call to verify that incentives are available.  
11 The commission may provide for issuing verification numbers over  
12 the telephone line.

13 (b) Reliance by a dealer or leasing agent on information  
14 provided by the commission is a complete defense to an action  
15 involving or based on eligibility of a vehicle for an incentive or  
16 availability of vehicles eligible for an incentive.

17 Sec. 386.160. RESERVATION OF INCENTIVES. The commission  
18 may provide for dealers and leasing agents to reserve for a limited  
19 time period incentives for vehicles that are not readily available  
20 and must be ordered, if the dealer or leasing agent has a purchase  
21 or lease order signed by an identified customer.

22 (f) Effective on the date that the Texas Emissions Reduction  
23 Plan Advisory Board is abolished under Subsection (a) of this  
24 section, the heading to Subchapter D-1, Chapter 386, Health and  
25 Safety Code, is amended to read as follows:

26 SUBCHAPTER D-1. SEAPORT AND RAIL YARD AREAS EMISSIONS REDUCTION

27 [~~DRAYAGE TRUCK INCENTIVE~~] PROGRAM

1 (f-1) Effective on the date that the Texas Emissions  
2 Reduction Plan Advisory Board is abolished under Subsection (a) of  
3 this section, the heading to Section 386.181, Health and Safety  
4 Code, is amended to read as follows:

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

6 (f-2) Effective on the date that the Texas Emissions  
7 Reduction Plan Advisory Board is abolished under Subsection (a) of  
8 this section, Section 386.181(a), Health and Safety Code, is  
9 amended to read as follows:

10 (a) In this subchapter:

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

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

21 (3) "Repower" means to replace an old engine powering  
22 a vehicle with a new engine, a used engine, a remanufactured engine,  
23 or electric motors, drives, or fuel cells.

24 (g) Effective on the date that the Texas Emissions Reduction  
25 Plan Advisory Board is abolished under Subsection (a) of this  
26 section, Section 386.182, Health and Safety Code, is amended to  
27 read as follows:

1           Sec. 386.182. COMMISSION DUTIES.   (a)   The commission  
2 shall:

3           (1)   develop a purchase incentive program to encourage  
4 owners to:

5                   (A)   replace older drayage trucks and cargo  
6 handling equipment [~~with pre-2007 model year engines~~] with newer  
7 drayage trucks and cargo handling equipment; or

8                   (B)   repower drayage trucks and cargo handling  
9 equipment; and

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

12           (b)   The commission by rule and guideline shall establish  
13 criteria for the engines and the models of drayage trucks and cargo  
14 handling equipment that are eligible for inclusion in an incentive  
15 program under this subchapter. [~~The guidelines must provide that a~~  
16 ~~drayage truck owner is not eligible for an incentive payment under~~  
17 ~~this subchapter unless the truck being replaced contains a pre-2007~~  
18 ~~model year engine and the replacement truck's engine is from model~~  
19 ~~year 2010 or later as determined by the commission and that the~~  
20 ~~truck operates at a seaport or rail yard.~~]

21           (g-1) Effective on the date that the Texas Emissions  
22 Reduction Plan Advisory Board is abolished under Subsection (a) of  
23 this section, the heading to Section [386.183](#), Health and Safety  
24 Code, is amended to read as follows:

25           Sec. 386.183. DRAYAGE TRUCK AND CARGO HANDLING EQUIPMENT  
26 PURCHASE INCENTIVE.

27           (g-2) Effective on the date that the Texas Emissions



1 Reduction Plan Advisory Board is abolished under Subsection (a) of  
2 this section, Section 386.183, Health and Safety Code, is amended  
3 by amending Subsections (a), (b), (c), (d), and (e) and adding  
4 Subsection (a-1) to read as follows:

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

7 (1) purchase a replacement drayage truck, piece of  
8 cargo handling equipment, or engine that under Subsection  
9 (a-1)(1)(A) or (2)(A), as applicable, and the guidelines adopted by  
10 the commission under Section 386.182 is eligible for inclusion in  
11 the program for an incentive under this subchapter; and

12 (2) agree to:

13 (A) register the drayage truck in this state, if  
14 the replacement or repowered vehicle is an on-road drayage truck;

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

21 (C) permanently remove the [~~a pre-2007~~] drayage  
22 truck, cargo handling equipment, or engine replaced under the  
23 program [~~containing a pre-2007 engine owned by the person~~] from  
24 operation in a nonattainment area of this state by destroying the  
25 engine in accordance with guidelines established by the commission  
26 and, if the incentive is for a replacement drayage truck or cargo  
27 handling equipment, scrapping the truck or equipment after the

1 purchase of the replacement [~~new~~] truck or equipment in accordance  
2 with guidelines established by the commission.

3 (a-1) To be eligible for purchase under this program:

4 (1) a drayage truck or cargo handling equipment must:

5 (A) be powered by an electric motor or contain an  
6 engine certified to the current federal emissions standards  
7 applicable to that type of engine, as determined by the commission;  
8 and

9 (B) emit oxides of nitrogen at a rate that is at  
10 least 25 percent less than the rate at which the truck or equipment  
11 being replaced under the program emits such pollutants; and

12 (2) an engine repowering a drayage truck or cargo  
13 handling equipment must:

14 (A) be an electric motor or an engine certified  
15 to the current federal emissions standards applicable to that type  
16 of engine, as determined by the commission; and

17 (B) emit oxides of nitrogen at a rate that is at  
18 least 25 percent less than the rate at which the former engine in  
19 the truck or equipment being repowered under the program emits such  
20 pollutants.

21 (b) To receive money under an incentive program provided by  
22 this subchapter, the purchaser of a drayage truck, piece of cargo  
23 handling equipment, or engine eligible for inclusion in the program  
24 must apply for the incentive in the manner provided by law, rule, or  
25 guideline of the commission.

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

1 repowered.

2 (d) An incentive provided under this subchapter may be used  
3 to fund not more than 80 percent of, as applicable, the purchase  
4 price of:

- 5 (1) the drayage truck or cargo handling equipment; or  
6 (2) the engine and any other eligible costs associated  
7 with repowering the drayage truck or cargo handling equipment, as  
8 determined by the commission.

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 or repowered for at least two years prior to receiving the grant;  
14 and

15 (2) as applicable:

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

22 (B) after repowering the drayage truck or cargo  
23 handling equipment, permanently destroys the engine that was  
24 contained in the truck or equipment in accordance with guidelines  
25 established by the commission [~~, after the purchase of the new~~  
26 ~~truck~~].

27 (h) Effective on the date that the Texas Emissions Reduction

1 Plan Advisory Board is abolished under Subsection (a) of this  
2 section, Section 386.252, Health and Safety Code, is amended to  
3 read as follows:

4 Sec. 386.252. USE OF FUND. (a) Money in the fund may be  
5 used only to implement and administer programs established under  
6 the plan. Subject to the reallocation of funds by the commission  
7 under Subsection (h), money [~~Money~~] appropriated to the commission  
8 to be used for the programs under Section 386.051(b) shall  
9 initially be allocated as follows:

10 (1) [~~not more than~~] four percent may be used for the  
11 clean school bus program under Chapter 390;

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

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

18 (4) not more than \$3 million may be used by the  
19 commission to fund a regional air monitoring program in commission  
20 Regions 3 and 4 to be implemented under the commission's oversight,  
21 including direction regarding the type, number, location, and  
22 operation of, and data validation practices for, monitors funded by  
23 the program through a regional nonprofit entity located in North  
24 Texas having representation from counties, municipalities, higher  
25 education institutions, and private sector interests across the  
26 area;

27 (5) 10 [~~not less than 16~~] percent may [~~shall~~] be used

1 for the Texas natural gas vehicle grant program under Chapter 394;

2 (6) not more than \$6 million [~~five percent~~] may be used  
3 [~~to provide grants for natural gas fueling stations under the clean~~  
4 ~~transportation triangle program under Section 394.010,~~

5 [~~(7) not more than five percent may be used~~] for the  
6 Texas alternative fueling facilities program under Chapter 393, of  
7 which a specified amount may be used for fueling stations to provide  
8 natural gas fuel, except that money may not be allocated for the  
9 Texas alternative fueling facilities program for the state fiscal  
10 year ending August 31, 2019;

11 (7) [~~(8)~~] not more than \$750,000 [~~a specified amount~~]  
12 may be used each year to support research related to air quality as  
13 provided by Chapter 387;

14 (8) [~~(9)~~] not more than \$200,000 may be used for a  
15 health effects study[+]

16 [~~(10) \$500,000 is to be deposited in the state treasury~~  
17 ~~to the credit of the clean air account created under Section~~  
18 ~~382.0622 to supplement funding for air quality planning activities~~  
19 ~~in affected counties];~~

20 (9) [~~(11)~~] at least \$6 [~~\$4~~] million but not more than  
21 \$8 [~~and up to four percent to a maximum of \$7~~] million[~~, whichever~~  
22 ~~is greater,~~] is allocated to the commission for administrative  
23 costs, including all direct and indirect costs for administering  
24 the plan, costs for conducting outreach and education activities,  
25 and costs attributable to the review or approval of applications  
26 for marketable emissions reduction credits;

27 (10) six [~~(12) at least two~~] percent may [~~and up to~~

1 ~~five percent of the fund is to~~ be used by the commission for the  
2 seaport and rail yard areas emissions reduction [~~drayage truck~~  
3 ~~incentive~~] program established under Subchapter D-1;

4 (11) [~~(13)~~ ~~not more than~~] five percent may be used for  
5 the light-duty motor vehicle purchase or lease incentive program  
6 established under Subchapter D;

7 (12) [~~(14)~~] not more than \$216,000 is allocated to the  
8 commission to contract with the Energy Systems Laboratory at the  
9 Texas A&M Engineering Experiment Station annually for the  
10 development and annual computation of creditable statewide  
11 emissions reductions obtained through wind and other renewable  
12 energy resources for the state implementation plan;

13 (13) not more than \$500,000 may be used for studies of  
14 or pilot programs for incentives for port authorities located in  
15 nonattainment areas or affected counties to encourage cargo  
16 movement that reduces emissions of nitrogen oxides and particulate  
17 matter [~~(15)~~ ~~1.5 percent of the money in the fund is allocated for~~  
18 ~~administrative costs incurred by the laboratory~~]; and

19 (14) [~~(16)~~] the balance is to be used by the  
20 commission for the diesel emissions reduction incentive program  
21 under Subchapter C as determined by the commission.

22 (b) [~~The commission may allocate unexpended money~~  
23 ~~designated for the clean fleet program under Chapter 392 to other~~  
24 ~~programs described under Subsection (a) after the commission~~  
25 ~~allocates money to recipients under the clean fleet program.~~

26 [~~(c)~~ ~~The commission may allocate unexpended money~~  
27 ~~designated for the Texas alternative fueling facilities program~~

1 ~~under Chapter 393 to other programs described under Subsection (a)~~  
2 ~~after the commission allocates money to recipients under the~~  
3 ~~alternative fueling facilities program.~~

4 ~~[(d) The commission may reallocate money designated for the~~  
5 ~~Texas natural gas vehicle grant program under Chapter 394 to other~~  
6 ~~programs described under Subsection (a) if:~~

7 ~~[(1) the commission, in consultation with the governor~~  
8 ~~and the advisory board, determines that the use of the money in the~~  
9 ~~fund for that program will cause the state to be in noncompliance~~  
10 ~~with the state implementation plan to the extent that federal~~  
11 ~~action is likely; and~~

12 ~~[(2) the commission finds that the reallocation of~~  
13 ~~some or all of the funding for the program would resolve the~~  
14 ~~noncompliance.~~

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

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

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

24 (c) ~~[(g)]~~ If the legislature does not specify amounts or  
25 percentages from the total appropriation to the commission to be  
26 allocated under Subsection (a) or (b) ~~[(f)]~~, the commission shall  
27 determine the amounts of the total appropriation to be allocated

1 under each of those subsections, such that the total appropriation  
2 is expended while maximizing emissions reductions.

3 (d) To supplement funding for air quality planning  
4 activities in affected counties, \$500,000 from the fund is to be  
5 deposited annually in the state treasury to the credit of the clean  
6 air account created under Section 382.0622.

7 (e) Money in the fund may be allocated for administrative  
8 costs incurred by the Energy Systems Laboratory at the Texas A&M  
9 Engineering Experiment Station as may be appropriated by the  
10 legislature.

11 (f) To the extent that money is appropriated from the fund  
12 for that purpose, not more than \$2.5 million may be used by the  
13 commission to conduct research and other activities associated with  
14 making any necessary demonstrations to the United States  
15 Environmental Protection Agency to account for the impact of  
16 foreign emissions or an exceptional event.

17 (g) To the extent that money is appropriated from the fund  
18 for that purpose, the commission may use that money to award grants  
19 under the governmental alternative fuel fleet grant program  
20 established under Chapter 395, except that the commission may not  
21 use for that purpose more than three percent of the balance of the  
22 fund as of September 1 of each state fiscal year of the biennium for  
23 the governmental alternative fuel fleet grant program in that  
24 fiscal year.

25 (h) Subject to the limitations outlined in this section and  
26 any additional limitations placed on the use of the appropriated  
27 funds, money allocated under this section to a particular program



1 may be used for another program under the plan as determined by the  
2 commission, based on demand for grants for eligible projects under  
3 particular programs after the commission solicits projects to which  
4 to award grants according to the initial allocation provisions of  
5 this section.

6 (h-1) Effective on the date that the Texas Emissions  
7 Reduction Plan Advisory Board is abolished under Subsection (a) of  
8 this section, Section 390.001, Health and Safety Code, is amended  
9 by amending Subdivision (1) and adding Subdivision (1-a) to read as  
10 follows:

11 (1) "Commission" means the Texas Commission on  
12 Environmental Quality.

13 (1-a) "Diesel exhaust" means one or more of the air  
14 pollutants emitted from an engine by the combustion of diesel fuel,  
15 including particulate matter, nitrogen oxides, volatile organic  
16 compounds, air toxics, and carbon monoxide.

17 (h-2) Effective on the date that the Texas Emissions  
18 Reduction Plan Advisory Board is abolished under Subsection (a) of  
19 this section, Section 390.002(b), Health and Safety Code, is  
20 amended to read as follows:

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

23 (1) diesel oxidation catalysts for school buses built  
24 before 1994;

25 (2) diesel particulate filters for school buses built  
26 from 1994 to 1998;

27 (3) the purchase and use of emission-reducing add-on

1 equipment for school buses, including devices that reduce crankcase  
2 emissions;

3 (4) the use of qualifying fuel; ~~and~~

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

6 (6) replacement of a pre-2007 model year school bus.

7 (i) Effective on the date that the Texas Emissions Reduction  
8 Plan Advisory Board is abolished under Subsection (a) of this  
9 section, Section 390.004, Health and Safety Code, is amended by  
10 adding Subsections (c) and (d) to read as follows:

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

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

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

15 (3) be in good operational condition; and

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

18 (d) A school bus proposed for purchase to replace a pre-2007  
19 model year school bus must be of the current model year or the year  
20 before the current model year at the time of submission of the grant  
21 application.

22 (i-1) Effective on the date that the Texas Emissions  
23 Reduction Plan Advisory Board is abolished under Subsection (a) of  
24 this section, Section 390.005, Health and Safety Code, is amended  
25 to read as follows:

26 Sec. 390.005. RESTRICTION ON USE OF GRANT. (a) A  
27 recipient of a grant under this chapter shall use the grant to pay

1 the incremental costs of the project for which the grant is made,  
2 which may include the reasonable and necessary expenses incurred  
3 for the labor needed to install emissions-reducing equipment. The  
4 recipient may not use the grant to pay the recipient's  
5 administrative expenses.

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

13 (c) A school bus replaced under this program must be  
14 rendered permanently inoperable by crushing the bus, by making a  
15 hole in the engine block and permanently destroying the frame of the  
16 bus, or by another method approved by the commission, or be  
17 permanently removed from operation in this state. The commission  
18 shall establish criteria for ensuring the permanent destruction or  
19 permanent removal of the engine or bus. The commission shall  
20 enforce the destruction and removal requirements.

21 (d) In this section, "permanent removal" means the  
22 permanent export of a school bus or the engine of a school bus to a  
23 destination outside of the United States, Canada, or the United  
24 Mexican States.

25 (i-2) Effective on the date that the Texas Emissions  
26 Reduction Plan Advisory Board is abolished under Subsection (a) of  
27 this section, Section 390.006, Health and Safety Code, is amended

1 to read as follows:

2           Sec. 390.006. EXPIRATION. This chapter expires on the last  
3 day of the state fiscal biennium during which the commission  
4 publishes in the Texas Register the notice required by Section  
5 382.037 [August 31, 2019].

6           (j) Effective on the date that the Texas Emissions Reduction  
7 Plan Advisory Board is abolished under Subsection (a) of this  
8 section, Section 391.002(b), Health and Safety Code, is amended to  
9 read as follows:

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

12                 (1) advanced clean energy projects, as defined by  
13 Section 382.003;

14                 (2) new technology projects that reduce emissions of  
15 regulated pollutants from stationary ~~[point]~~ sources;

16                 (3) new technology projects that reduce emissions from  
17 upstream and midstream oil and gas production, completions,  
18 gathering, storage, processing, and transmission activities  
19 through:

20                         (A) the replacement, repower, or retrofit of  
21 stationary compressor engines;

22                         (B) the installation of systems to reduce or  
23 eliminate the loss of gas, flaring of gas, or burning of gas using  
24 other combustion control devices; or

25                         (C) the installation of systems that reduce  
26 flaring emissions and other site emissions by capturing waste heat  
27 to generate electricity solely for on-site service; and

1           (4) [~~(3)~~] electricity storage projects related to  
2 renewable energy, including projects to store electricity produced  
3 from wind and solar generation that provide efficient means of  
4 making the stored energy available during periods of peak energy  
5 use.

6           (j-1) Effective on the date that the Texas Emissions  
7 Reduction Plan Advisory Board is abolished under Subsection (a) of  
8 this section, Section 391.102(f), Health and Safety Code, is  
9 amended to read as follows:

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

13           (1) solicit review and comments from:

14                   (A) the comptroller to assess:

15                           (i) the financial stability of the  
16 applicant;

17                           (ii) the economic benefits and job creation  
18 potential associated with the project; and

19                           (iii) any other information related to the  
20 duties of that office;

21                   (B) the Public Utility Commission of Texas to  
22 assess:

23                           (i) the reliability of the proposed  
24 technology;

25                           (ii) the feasibility and  
26 cost-effectiveness of electric transmission associated with the  
27 project; and

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

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

4 (i) the availability and cost of the fuel  
5 involved with the project; and

6 (ii) any other information related to the  
7 duties of that agency; and

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

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

13 (j-2) Effective on the date that the Texas Emissions  
14 Reduction Plan Advisory Board is abolished under Subsection (a) of  
15 this section, Section 391.104, Health and Safety Code, is amended  
16 to read as follows:

17 Sec. 391.104. REPORTING REQUIREMENTS. The commission  
18 [~~annually~~] shall include in the biennial plan report required by  
19 Section 386.057(b) information [~~prepare a report~~] that summarizes  
20 the applications received and grants awarded in the preceding  
21 biennium [~~year~~]. Preparation of the information for the report may  
22 [~~must~~] include the participation of any [~~the~~] state agency  
23 [~~agencies~~] involved in the review of applications under Section  
24 391.102, if the commission determines participation of the agency  
25 is needed.

26 (k) Effective on the date that the Texas Emissions Reduction  
27 Plan Advisory Board is abolished under Subsection (a) of this

1 section, Section 391.205(a), Health and Safety Code, is amended to  
2 read as follows:

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

6 (1) involve the transport, use, recovery for use, or  
7 prevention of the loss of natural resources originating or produced  
8 in this state;

9 (2) contain an energy efficiency component; ~~or~~

10 (3) include the use of solar, wind, or other renewable  
11 energy sources; or

12 (4) recover waste heat from the combustion of natural  
13 resources and use the heat to generate electricity.

14 (k-1) Effective on the date that the Texas Emissions  
15 Reduction Plan Advisory Board is abolished under Subsection (a) of  
16 this section, Section 391.304, Health and Safety Code, is amended  
17 to read as follows:

18 Sec. 391.304. EXPIRATION. This chapter expires on the last  
19 day of the state fiscal biennium during which the commission  
20 publishes in the Texas Register the notice required by Section  
21 382.037 [August 31, 2019].

22 (k-2) Effective on the date that the Texas Emissions  
23 Reduction Plan Advisory Board is abolished under Subsection (a) of  
24 this section, Section 392.001(1), Health and Safety Code, is  
25 amended to read as follows:

26 (1) "Alternative fuel" means a fuel other than  
27 gasoline or diesel fuel, including electricity, compressed natural

1 gas, liquefied [~~liquified~~] natural gas, hydrogen, propane, or a  
2 mixture of fuels containing at least 85 percent methanol by volume.

3 (1) Effective on the date that the Texas Emissions Reduction  
4 Plan Advisory Board is abolished under Subsection (a) of this  
5 section, Sections 392.002(b) and (c), Health and Safety Code, are  
6 amended to read as follows:

7 (b) An entity that places 10 [~~20~~] or more qualifying  
8 vehicles in service for use entirely in this state during a calendar  
9 year is eligible to participate in the program.

10 (c) Notwithstanding Subsection (b), an entity that submits  
11 a grant application for 10 [~~20~~] or more qualifying vehicles is  
12 eligible to participate in the program even if the commission  
13 denies approval for one or more of the vehicles during the  
14 application process.

15 (1-1) Effective on the date that the Texas Emissions  
16 Reduction Plan Advisory Board is abolished under Subsection (a) of  
17 this section, Section 392.003(a), Health and Safety Code, is  
18 amended to read as follows:

19 (a) A vehicle is a qualifying vehicle that may be considered  
20 for a grant under the program if during the eligibility period  
21 established by the commission [~~calendar year~~] the entity purchases  
22 a new on-road vehicle that:

23 (1) is certified to the appropriate current federal  
24 emissions standards as determined by the commission;

25 (2) replaces a diesel-powered on-road vehicle of the  
26 same weight classification and use; and

27 (3) is a hybrid vehicle or fueled by an alternative



1 fuel.

2 (1-2) Effective on the date that the Texas Emissions  
3 Reduction Plan Advisory Board is abolished under Subsection (a) of  
4 this section, Section 392.004(d), Health and Safety Code, is  
5 amended to read as follows:

6 (d) The commission shall minimize, to the maximum extent  
7 possible, the amount of paperwork required for an application. [~~An  
8 applicant may be required to submit a photograph or other  
9 documentation of a vehicle identification number, registration  
10 information, inspection information, tire condition, or engine  
11 block identification only if the photograph or documentation is  
12 requested by the commission after the commission has decided to  
13 award a grant to the applicant under this chapter.~~]

14 (m) Effective on the date that the Texas Emissions Reduction  
15 Plan Advisory Board is abolished under Subsection (a) of this  
16 section, Section 392.005, Health and Safety Code, is amended by  
17 amending Subsections (c) and (i) and adding Subsection (c-1) to  
18 read as follows:

19 (c) As a condition of receiving a grant, the qualifying  
20 vehicle must be continuously owned, registered, and operated in the  
21 state by the grant recipient until the earlier of the fifth  
22 anniversary of the activity start date established by the  
23 commission [~~the date of reimbursement of the grant-funded expenses~~]  
24 or [~~until~~] the date the vehicle has been in operation for 400,000  
25 miles after the activity start date established by the commission  
26 [~~of reimbursement~~]. Not less than 75 percent of the annual use of  
27 the qualifying vehicle, either mileage or fuel use as determined by

1 the commission, must occur in the state.

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

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

11 (m-1) Effective on the date that the Texas Emissions  
12 Reduction Plan Advisory Board is abolished under Subsection (a) of  
13 this section, Section 392.008, Health and Safety Code, is amended  
14 to read as follows:

15 Sec. 392.008. EXPIRATION. This chapter expires on the last  
16 day of the state fiscal biennium during which the commission  
17 publishes in the Texas Register the notice required by Section  
18 382.037 [August 31, 2017].

19 (m-2) Effective on the date that the Texas Emissions  
20 Reduction Plan Advisory Board is abolished under Subsection (a) of  
21 this section, Section 393.001, Health and Safety Code, is amended  
22 by amending Subdivision (1) and adding Subdivision (1-a) to read as  
23 follows:

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

1 percent methanol by volume.

2 (1-a) "Clean transportation zone" means:

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

6 (B) counties located within the area bounded by  
7 the interstate highways described by Paragraph (A);

8 (C) counties containing or intersected by a  
9 portion of:

10 (i) an interstate highway connecting San  
11 Antonio to Corpus Christi or Laredo;

12 (ii) the most direct route using highways  
13 in the state highway system connecting Corpus Christi and Laredo;  
14 or

15 (iii) a highway corridor connecting Corpus  
16 Christi and Houston;

17 (D) counties located within the area bounded by  
18 the highways described by Paragraph (C);

19 (E) counties in this state all or part of which  
20 are included in a nonattainment area designated under Section  
21 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407); and

22 (F) counties designated as affected counties  
23 under Section 386.001.

24 (n) Effective on the date that the Texas Emissions Reduction  
25 Plan Advisory Board is abolished under Subsection (a) of this  
26 section, Section 393.002, Health and Safety Code, is amended to  
27 read as follows:

1           Sec. 393.002. PROGRAM. (a) The commission shall establish  
2 and administer the Texas alternative fueling facilities program to  
3 provide fueling facilities for alternative fuel in the clean  
4 transportation zone [~~nonattainment areas~~]. Under the program, the  
5 commission shall provide a grant for each eligible facility to  
6 offset the cost of those facilities.

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

10           (c) To ensure that alternative fuel vehicles have access to  
11 fuel and to build the foundation for a self-sustaining market for  
12 alternative fuels in Texas, the commission shall provide for  
13 strategically placed fueling facilities in the clean  
14 transportation zone to enable an alternative fuel vehicle to travel  
15 in those areas relying solely on the alternative fuel.

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

20           (n-1) Effective on the date that the Texas Emissions  
21 Reduction Plan Advisory Board is abolished under Subsection (a) of  
22 this section, Section 393.003, Health and Safety Code, is amended  
23 by amending Subsections (a) and (b) and adding Subsections (d) and  
24 (e) to read as follows:

25           (a) An entity operating in this state that constructs or[~~7~~]  
26 reconstructs[~~7~~, ~~or~~ ~~acquires~~] a facility to [~~store, compress, or~~]  
27 dispense alternative fuels may apply for and receive a grant under

1 the program.

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

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

18 (e) The commission shall disburse grants under the program  
19 through a competitive application selection process to offset a  
20 portion of the eligible costs.

21 (n-2) Effective on the date that the Texas Emissions  
22 Reduction Plan Advisory Board is abolished under Subsection (a) of  
23 this section, Section 393.004, Health and Safety Code, is amended  
24 to read as follows:

25 Sec. 393.004. ELIGIBILITY OF FACILITIES FOR GRANTS.

26 (a) In addition to the requirements of this chapter, the  
27 commission shall establish additional eligibility and

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

5 (b) The prioritization criteria established under  
6 Subsection (a) must provide that, for each grant round, the  
7 commission may not award a grant to an entity that does not [~~To be~~  
8 ~~eligible for a grant under the program, the entity receiving the~~  
9 ~~grant must~~] agree to make the alternative fueling facility  
10 accessible and available to the public [~~persons not associated with~~  
11 ~~the entity~~] at times designated by the grant contract until each  
12 eligible entity that does agree to those terms has been awarded a  
13 grant [~~agreement~~].

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 area in and between the  
4 Houston, San Antonio, and Dallas-Fort Worth areas; and

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

9           (o) Effective on the date that the Texas Emissions Reduction  
10 Plan Advisory Board is abolished under Subsection (a) of this  
11 section, Section 393.005, Health and Safety Code, is amended to  
12 read as follows:

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

17           (1) administrative expenses;

18           (2) expenses for the purchase of land or an interest in  
19 land; or

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

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

26           (o-1) Effective on the date that the Texas Emissions  
27 Reduction Plan Advisory Board is abolished under Subsection (a) of

1 this section, Section 393.006, Health and Safety Code, is amended  
2 to read as follows:

3       Sec. 393.006. AMOUNT OF GRANT. (a) Grants awarded under  
4 this chapter for a facility to provide alternative fuels other than  
5 natural gas may not exceed [~~For each eligible facility for which a~~  
6 ~~recipient is awarded a grant under the program, the commission~~  
7 ~~shall award the grant in an amount equal to~~] the lesser of:

8               (1) 50 percent of the sum of the actual eligible costs  
9 incurred by the grant recipient within deadlines established by the  
10 commission [~~to construct, reconstruct, or acquire the facility~~]; or

11               (2) \$600,000.

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

14               (1) \$400,000 for a compressed natural gas facility;

15               (2) \$400,000 for a liquefied natural gas facility; or

16               (3) \$600,000 for a facility providing both liquefied  
17 and compressed natural gas.

18       (o-2) Effective on the date that the Texas Emissions  
19 Reduction Plan Advisory Board is abolished under Subsection (a) of  
20 this section, Section 393.007, Health and Safety Code, is amended  
21 to read as follows:

22       Sec. 393.007. EXPIRATION. This chapter expires on the last  
23 day of the state fiscal biennium during which the commission  
24 publishes in the Texas Register the notice required by Section  
25 382.037 [~~August 31, 2018~~].

26       (p) Effective on the date that the Texas Emissions Reduction  
27 Plan Advisory Board is abolished under Subsection (a) of this



1 section, Section 394.001, Health and Safety Code, is amended by  
2 amending Subdivisions (1), (4), (5), and (8) and adding  
3 Subdivisions (1-a) and (7-a) to read as follows:

4 (1) "Certified" includes:

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

7 (B) certification or approval by the United  
8 States Environmental Protection Agency of a system to convert a  
9 vehicle or engine to operate on an alternative fuel and a  
10 demonstration by the emissions data used to certify or approve the  
11 vehicle or engine, if the commission determines the testing used to  
12 obtain the emissions data is consistent with the testing required  
13 for approval of an alternative fuel conversion system for new and  
14 relatively new vehicles or engines under 40 C.F.R. Part 85  
15 ~~["Advisory board" means the Texas Emissions Reduction Plan Advisory~~  
16 ~~Board].~~

17 (1-a) "Clean transportation zone" has the meaning  
18 assigned by Section 393.001.

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

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

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

26 (5) "Incremental cost" has the meaning assigned by  
27 Section 386.001 ~~[means the difference between the manufacturer's~~

1 ~~suggested retail price of a baseline vehicle, the documented dealer~~  
2 ~~price of a baseline vehicle, cost to lease or otherwise~~  
3 ~~commercially finance a baseline vehicle, cost to repower with a~~  
4 ~~baseline engine, or other appropriate baseline cost established by~~  
5 ~~the commission, and the actual cost of the natural gas vehicle~~  
6 ~~purchase, lease, or other commercial financing, or repower].~~

7 (7-a) "Natural gas engine" means an engine that  
8 operates:

9 (A) solely on natural gas, including compressed  
10 natural gas, liquefied natural gas, or liquefied petroleum gas; or

11 (B) on a combination of diesel fuel and natural  
12 gas, including compressed natural gas, liquefied natural gas, or  
13 liquefied petroleum gas, and is capable of achieving at least 60  
14 percent displacement of diesel fuel with natural gas.

15 (8) "Natural gas vehicle" means a motor vehicle that  
16 is powered by a natural gas engine [~~receives not less than 75~~  
17 ~~percent of its power from compressed or liquefied natural gas~~].

18 (p-1) Effective on the date that the Texas Emissions  
19 Reduction Plan Advisory Board is abolished under Subsection (a) of  
20 this section, Section 394.003(a), Health and Safety Code, is  
21 amended to read as follows:

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

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

1 (A) is a natural gas vehicle;  
2 (B) is certified to the appropriate current  
3 federal emissions standards as determined by the commission; and

4 (C) replaces an on-road heavy-duty or  
5 medium-duty motor vehicle of the same weight classification and  
6 use; ~~and~~

7 ~~[(D) is powered by an engine certified to:~~  
8 ~~[(i) emit not more than 0.2 grams of~~  
9 ~~nitrogen oxides per brake horsepower hour; or~~  
10 ~~[(ii) meet or exceed the United States~~  
11 ~~Environmental Protection Agency's Bin 5 standard for light-duty~~  
12 ~~engines when powering the vehicle;] or~~

13 (2) repowered the on-road motor vehicle to a natural  
14 gas vehicle powered by a natural gas engine that ~~[+~~

15 ~~[(A)]~~ is certified to the appropriate current  
16 federal emissions standards as determined by the commission ~~[, and~~

17 ~~[(B) is:~~  
18 ~~[(i) a heavy-duty engine that is certified~~  
19 ~~to emit not more than 0.2 grams of nitrogen oxides per brake~~  
20 ~~horsepower hour; or~~  
21 ~~[(ii) certified to meet or exceed the~~  
22 ~~United States Environmental Protection Agency's Bin 5 standard for~~  
23 ~~light-duty engines when powering the vehicle].~~

24 (p-2) Effective on the date that the Texas Emissions  
25 Reduction Plan Advisory Board is abolished under Subsection (a) of  
26 this section, Section 394.005, Health and Safety Code, is amended  
27 by amending Subsections (a), (b), (c), (f), (g), and (i) and adding

1 Subsection (c-1) to read as follows:

2 (a) The commission [~~by rule~~] shall establish criteria for  
3 prioritizing qualifying vehicles eligible to receive grants under  
4 this chapter. The commission shall review and revise the criteria  
5 as appropriate [~~after consultation with the advisory board~~].

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

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

11 (A) the baseline emission level set by the  
12 commission under Subsection (g); and

13 (B) the certified emission rate of the new  
14 vehicle; and

15 (2) the qualifying vehicle must:

16 (A) replace a heavy-duty or medium-duty motor  
17 vehicle that:

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

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

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

26 (iv) is in operating condition and has at  
27 least two years of remaining useful life, as determined in

1 accordance with criteria established by the commission; ~~or~~

2 (B) replace a heavy-duty or medium-duty motor  
3 vehicle that:

4 (i) is owned by the applicant;

5 (ii) is an on-road vehicle that has been:

6 (a) owned, leased, or otherwise  
7 commercially financed and operated in Texas as a fleet vehicle for  
8 at least the two years immediately preceding the submission of a  
9 grant application; and

10 (b) registered in a county located in  
11 the clean transportation zone for at least the two years  
12 immediately preceding the submission of a grant application; and

13 (iii) otherwise satisfies the mileage,  
14 usage, and useful life requirements established under Paragraph (A)  
15 as determined by documentation associated with the vehicle; or

16 (C) be a heavy-duty or medium-duty motor vehicle  
17 repowered with a natural gas engine that:

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

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

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

27 (iv) is installed in an on-road vehicle

1 that, at the time of the vehicle's repowering, was in operating  
2 condition and had at least two years of remaining useful life, as  
3 determined in accordance with criteria established by the  
4 commission.

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

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

18 [~~(2) counties designated as nonattainment areas~~  
19 ~~within the meaning of Section 107(d) of the federal Clean Air Act~~  
20 ~~(42 U.S.C. Section 7407)]].~~

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

24 (f) A heavy-duty or medium-duty motor vehicle replaced  
25 under this program must be rendered permanently inoperable by  
26 crushing the vehicle, by making a hole in the engine block and  
27 permanently destroying the frame of the vehicle, or by another

1 method approved by the commission, or be ~~[that]~~ permanently removed  
2 ~~[removes the vehicle]~~ from operation in this state. The commission  
3 shall establish criteria for ensuring the permanent destruction or  
4 permanent removal of the engine or vehicle. The commission shall  
5 enforce the destruction and removal requirements. For purposes of  
6 this subsection, "permanent removal" means the permanent export of  
7 the vehicle or engine to a destination outside of the United States,  
8 Canada, or the United Mexican States.

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

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

23 (q) Effective on the date that the Texas Emissions Reduction  
24 Plan Advisory Board is abolished under Subsection (a) of this  
25 section, Section 394.006, Health and Safety Code, is amended to  
26 read as follows:

27 Sec. 394.006. RESTRICTION ON USE OF GRANT. A recipient of a

1 grant under this chapter shall use the grant to pay the incremental  
2 costs of the replacement or vehicle repower for which the grant is  
3 made, which may include a portion of the initial cost of the natural  
4 gas vehicle or natural gas engine, including the cost of the natural  
5 gas fuel system and installation [~~and the reasonable and necessary~~  
6 ~~expenses incurred for the labor needed to install~~  
7 ~~emissions-reducing equipment~~]. The recipient may not use the  
8 grant to pay the recipient's administrative expenses.

9 (q-1) Effective on the date that the Texas Emissions  
10 Reduction Plan Advisory Board is abolished under Subsection (a) of  
11 this section, Section 394.007(c), Health and Safety Code, is  
12 amended to read as follows:

13 (c) A person may not receive a grant under this chapter  
14 that, when combined with any other grant, tax credit, or other  
15 governmental incentive, exceeds the incremental cost of the vehicle  
16 or vehicle repower for which the grant is awarded. A person shall  
17 return to the commission the amount of a grant awarded under this  
18 chapter that, when combined with any other grant, tax credit, or  
19 other governmental incentive, exceeds the incremental cost of the  
20 vehicle or vehicle repower for which the grant is awarded.

21 (q-2) Effective on the date that the Texas Emissions  
22 Reduction Plan Advisory Board is abolished under Subsection (a) of  
23 this section, Sections 394.008(a) and (b), Health and Safety Code,  
24 are amended to read as follows:

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

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



1 (2) streamlining the grant application, contracting,  
2 reimbursement, and reporting process for qualifying natural gas  
3 vehicle purchases or repowers; and

4 (3) preapproving the award of grants to applicants who  
5 propose to purchase and replace motor vehicles described by Section  
6 394.005(b)(2)(B).

7 (b) Procedures established [~~adopted~~] under this section  
8 must:

9 (1) provide for the commission to compile and  
10 regularly update a listing of potentially eligible [~~preapproved~~]  
11 natural gas vehicles and natural gas engines that are certified to  
12 the appropriate current federal emissions standards as determined  
13 by the commission [+

14 [~~(A) powered by natural gas engines certified to~~  
15 ~~emit not more than 0.2 grams of nitrogen oxides per brake horsepower~~  
16 ~~hour; or~~

17 [~~(B) certified to the United States~~  
18 ~~Environmental Protection Agency's light-duty Bin 5 standard or~~  
19 ~~better];~~

20 (2) [~~if a federal standard for the calculation of~~  
21 ~~emissions reductions exists,~~] provide a method to calculate the  
22 reduction in emissions of nitrogen oxides, volatile organic  
23 compounds, carbon monoxide, particulate matter, and sulfur  
24 compounds for each replacement or repowering;

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

27 (4) allow for processing applications [~~rebates~~] on an

1 ongoing first-come, first-served basis;

2 (5) [~~provide for contracts between the commission and~~  
3 ~~participating dealers under Section 394.009,~~

4 [~~(6) allow grant recipients to assign their grant~~  
5 ~~funds to participating dealers to offset the purchase or lease~~  
6 ~~price,~~

7 [~~(7)] require grant applicants to identify natural gas~~

8 fueling stations that are available to fuel the qualifying vehicle

9 in the area of its use;

10 (6) [~~(8)] provide for payment not later than the 30th~~

11 day after the date the request for reimbursement for an approved

12 grant is received;

13 (7) [~~(9)] provide for application submission and~~

14 application status checks using procedures established by the

15 commission, which may include application submission and status

16 checks to be made over the Internet; and

17 (8) [~~(10)] consolidate, simplify, and reduce the~~

18 administrative work for applicants and the commission associated

19 with grant application, contracting, reimbursement, and reporting

20 requirements.

21 (r) Effective on the date that the Texas Emissions Reduction

22 Plan Advisory Board is abolished under Subsection (a) of this

23 section, Section 394.012, Health and Safety Code, is amended to

24 read as follows:

25 Sec. 394.012. EXPIRATION. This chapter expires on the last

26 day of the state fiscal biennium during which the commission

27 publishes in the Texas Register the notice required by Section

1 382.037 [~~August 31, 2017~~].

2 (r-1) Effective on the date that the Texas Emissions  
3 Reduction Plan Advisory Board is abolished under Subsection (a) of  
4 this section, Subtitle C, Title 5, Health and Safety Code, is  
5 amended by adding Chapter 395 to read as follows:

6 CHAPTER 395. GOVERNMENTAL ALTERNATIVE FUEL FLEET GRANT PROGRAM

7 Sec. 395.001. DEFINITIONS. In this chapter:

8 (1) "Alternative fuel" means compressed natural gas,  
9 liquefied natural gas, liquefied petroleum gas, hydrogen fuel  
10 cells, or electricity, including electricity to power fully  
11 electric motor vehicles and plug-in hybrid motor vehicles.

12 (2) "Commission" means the Texas Commission on  
13 Environmental Quality.

14 (3) "Incremental cost" has the meaning assigned by  
15 Section [386.001](#).

16 (4) "Motor vehicle" means a self-propelled device  
17 designed for transporting persons or property on a public highway  
18 that is required to be registered under Chapter [502](#), Transportation  
19 Code.

20 (5) "Plug-in hybrid motor vehicle" has the meaning  
21 assigned by Section [2158.001](#), Government Code.

22 (6) "Political subdivision" means a county,  
23 municipality, school district, junior college district, river  
24 authority, water district or other special district, or other  
25 political subdivision created under the constitution or a statute  
26 of this state.

27 (7) "Program" means the governmental alternative fuel

1 fleet grant program established under this chapter.

2 (8) "State agency" has the meaning assigned by Section  
3 2151.002, Government Code, and includes the commission.

4 Sec. 395.002. PROGRAM. (a) The commission shall establish  
5 and administer a governmental alternative fuel fleet grant program  
6 to assist an eligible applicant described by Section 395.003 in  
7 purchasing or leasing new motor vehicles that operate primarily on  
8 an alternative fuel.

9 (b) The program may provide a grant to an applicant  
10 described by Section 395.003 to:

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

13 (2) purchase, lease, or install refueling  
14 infrastructure or equipment or procure refueling services as  
15 described by Section 395.005 to store and dispense alternative fuel  
16 needed for a motor vehicle described by Subdivision (1) of this  
17 subsection.

18 Sec. 395.003. ELIGIBLE APPLICANTS. (a) A state agency or  
19 political subdivision is eligible to apply for a grant under the  
20 program if the entity operates a fleet of more than 15 motor  
21 vehicles, excluding motor vehicles that are owned and operated by a  
22 private company or other third party under a contract with the  
23 entity.

24 (b) A mass transit or school transportation provider or  
25 other public entity established to provide public or school  
26 transportation services is eligible for a grant under the program.

27 Sec. 395.004. MOTOR VEHICLE REQUIREMENTS. (a) A grant

1 recipient may purchase or lease with money from a grant under the  
2 program a new motor vehicle that is originally manufactured to  
3 operate using one or more alternative fuels or is converted to  
4 operate using one or more alternative fuels before the first retail  
5 sale of the vehicle, and that:

6 (1) has a dedicated system, dual-fuel system, or  
7 bi-fuel system; and

8 (2) if the motor vehicle is a fully electric motor  
9 vehicle or plug-in hybrid motor vehicle, has a United States  
10 Environmental Protection Agency rating of at least 75 miles per  
11 gallon equivalent or a 75-mile combined city and highway range.

12 (b) A grant recipient may not use money from a grant under  
13 the program to replace a motor vehicle, transit bus, or school bus  
14 that operates on an alternative fuel unless the replacement vehicle  
15 produces fewer emissions and has greater fuel efficiency than the  
16 vehicle being replaced.

17 Sec. 395.005. REFUELING INFRASTRUCTURE, EQUIPMENT, AND  
18 SERVICES. A grant recipient may purchase, lease, or install  
19 refueling infrastructure or equipment or procure refueling  
20 services with money from a grant under the program if:

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

25 (2) the grant recipient demonstrates that a refueling  
26 station that meets the needs of the recipient is not available  
27 within five miles of the location at which the recipient's vehicles

1 are stored or primarily used; and

2 (3) for the purchase or installation of refueling  
3 infrastructure or equipment, the infrastructure or equipment will  
4 be owned and operated by the grant recipient, and for the lease of  
5 refueling infrastructure or equipment or the procurement of  
6 refueling services, a third-party service provider engaged by the  
7 grant recipient will provide the infrastructure, equipment, or  
8 services.

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

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

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

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

24 (b) In determining the incremental costs and setting the  
25 standardized grant amounts, the commission may consider the  
26 difference in cost between a new motor vehicle operated using  
27 conventional gasoline or diesel fuel and a new motor vehicle

1 operated using alternative fuel.

2 (c) The amount of a grant for the purchase or lease of a  
3 motor vehicle may not exceed the amount of the incremental cost of  
4 the purchase or lease.

5 (d) The commission may establish grant amounts to reimburse  
6 the full cost of the purchase, lease, installation, or procurement  
7 of refueling infrastructure, equipment, or services or may  
8 establish criteria for reimbursing a percentage of the cost.

9 (e) A grant under the program may be combined with funding  
10 from other sources, including other grant programs, except that a  
11 grant may not be combined with other funding or grants from the  
12 Texas emissions reduction plan. When combined with other funding  
13 sources, a grant may not exceed the total cost to the grant  
14 recipient.

15 (f) In providing a grant for the lease of a motor vehicle  
16 under this chapter, the commission shall establish criteria:

17 (1) to offset incremental costs through an up-front  
18 payment to lower the cost basis of the lease; or

19 (2) if determined appropriate by the commission, to  
20 provide for reimbursement of lease payments over no more than the  
21 period of availability of the contracted funds under applicable  
22 state law and regulation, which may be less than the required  
23 three-year lease term.

24 (g) In providing a grant for the lease of refueling  
25 infrastructure, equipment, or services, the commission shall  
26 establish criteria:

27 (1) to offset incremental costs through an up-front

1 payment to lower the cost basis of the lease; or

2 (2) if determined appropriate by the commission, to  
3 provide for reimbursement of lease payments over no more than the  
4 period of availability of the contracted funds under applicable  
5 state law and regulation, which may be less than the required  
6 three-year lease term.

7 (h) Notwithstanding Subsection (d), the commission is not  
8 obligated to fund the full cost of the purchase, lease,  
9 installation, or procurement of refueling infrastructure,  
10 equipment, or services if those costs cannot be incurred and  
11 reimbursed over the period of availability of the funds under  
12 applicable state law and regulation.

13 Sec. 395.008. AVAILABILITY OF EMISSIONS REDUCTION CREDITS.

14 (a) A project that is funded from a grant under the program and  
15 that would generate marketable emissions reduction credits under a  
16 state or federal emissions reduction credit averaging, banking, or  
17 trading program is not eligible for funding under the program  
18 unless:

19 (1) the project includes the transfer of the credits,  
20 or the reductions that would otherwise be marketable credits, to  
21 the commission and, if applicable, the state implementation plan;  
22 and

23 (2) the credits or reductions, as applicable, are  
24 permanently retired.

25 (b) An emissions reduction generated by a purchase or lease  
26 under this chapter may be used to demonstrate conformity with the  
27 state implementation plan.



1       Sec. 395.009. USE OF GRANT MONEY. A grant recipient when  
2 using money from a grant under the program shall prioritize:

3           (1) the purchase or lease of new motor vehicles,  
4 including new motor vehicles that are converted to operate on an  
5 alternative fuel, when replacing vehicles or adding vehicles to the  
6 fleet;

7           (2) the purchase of new motor vehicles, including new  
8 motor vehicles that are converted to operate on an alternative  
9 fuel, to replace vehicles that have the highest total mileage and do  
10 not use an alternative fuel; and

11           (3) to the extent feasible, obtaining, whether by  
12 purchase, purchase and conversion, or lease, motor vehicles that  
13 use compressed natural gas, liquefied natural gas, or liquefied  
14 petroleum gas.

15       Sec. 395.010. GRANT PROCEDURES AND CRITERIA. (a) The  
16 commission shall establish specific criteria and procedures in  
17 order to implement and administer the program, including the  
18 creation and provision of application forms and guidance on the  
19 application process.

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

22           (c) The commission shall provide an online application  
23 process for the submission of all required application documents.

24           (d) The commission may limit funding for a particular period  
25 according to priorities established by the commission, including  
26 limiting the availability of grants to specific entities, for  
27 certain types of vehicles and infrastructure, or to certain

1 geographic areas to ensure equitable distribution of grant funds  
2 across the state.

3 (e) In awarding grants under the program, the commission  
4 shall prioritize projects in the following order:

5 (1) projects that are proposed by a state agency;

6 (2) projects that are in or near a nonattainment area;

7 (3) projects that are in an affected county, as that  
8 term is defined by Section 386.001; and

9 (4) projects that will produce the greatest emissions  
10 reductions.

11 (f) In addition to the requirements under Subsection (e), in  
12 awarding grants under the program, the commission shall consider:

13 (1) the total amount of the emissions reduction that  
14 would be achieved from the project;

15 (2) the type and number of vehicles purchased or  
16 leased;

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

19 (4) the number of vehicles served and the rate at which  
20 vehicles are served by the refueling infrastructure or equipment;

21 (5) the amount of any matching funds committed by the  
22 applicant; and

23 (6) the schedule for project completion.

24 (g) The commission may not award more than 10 percent of the  
25 total amount awarded under the program in any fiscal year for  
26 purchasing, leasing, installing, or procuring refueling  
27 infrastructure, equipment, or services.

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

4       Sec. 395.012. ADMINISTRATIVE COSTS. In each fiscal year,  
5 the commission may use up to 1.5 percent of the total amount of  
6 money allocated to the program in that fiscal year, but not more  
7 than \$1 million, for the administrative costs of the program.

8       Sec. 395.013. RULES. The commission may adopt rules as  
9 necessary to implement this chapter.

10       Sec. 395.014. REPORT REQUIRED. On or before November 1 of  
11 each even-numbered year, the commission shall submit to the  
12 governor, lieutenant governor, and members of the legislature a  
13 report that includes the following information regarding awards  
14 made under the program during the preceding state fiscal biennium:

- 15               (1) the number of grants awarded under the program;  
16               (2) the recipient of each grant awarded;  
17               (3) the number of vehicles replaced;  
18               (4) the number, type, and location of any refueling  
19 infrastructure, equipment, or services funded under the program;  
20               (5) the total emissions reductions achieved under the  
21 program; and  
22               (6) any other information the commission considers  
23 relevant.

24       Sec. 395.015. EXPIRATION. This chapter expires on the last  
25 day of the state fiscal biennium during which the commission  
26 publishes in the Texas Register the notice required by Section  
27 382.037.

1           (r-2) Effective on the date that the Texas Emissions  
2 Reduction Plan Advisory Board is abolished under Subsection (a) of  
3 this section, the following provisions of the Health and Safety  
4 Code are repealed:

5           . . .

6           (4) Section 394.009;

7           (5) Section 394.010; and

8           (6) Section 394.011.

9           (s) This subsection takes effect on the date that the Texas  
10 Emissions Reduction Plan Advisory Board is abolished under  
11 Subsection (a) of this section. As soon as practicable after the  
12 effective date of this subsection, the Texas Commission on  
13 Environmental Quality shall implement the online application  
14 process required by Section 395.010(c), Health and Safety Code, as  
15 added by this section. Prior to the implementation of the online  
16 application process, the commission may accept applications for a  
17 grant under Chapter 395, Health and Safety Code, as added by this  
18 section, in any manner provided by the commission.

19           (s-1) This subsection takes effect on the date that the  
20 Texas Emissions Reduction Plan Advisory Board is abolished under  
21 Subsection (a) of this section. The changes in law made by this  
22 section apply only to a Texas emissions reduction plan grant  
23 awarded on or after the effective date of this section. A grant  
24 awarded before the effective date of this section is governed by the  
25 law in effect on the date the award was made, and the former law is  
26 continued in effect for that purpose.

27           (t) This section takes effect August 30, 2017.

1           Explanation: The addition of text is necessary to ensure  
2 that the Texas Commission on Environmental Quality is able to carry  
3 out the commission's duties, responsibilities, and functions in the  
4 implementation of the Texas Emissions Reduction Plan after the  
5 abolishment of the Texas Emissions Reduction Plan Advisory Board.

6           (2) House Rule 13, Section 9(a)(1), is suspended to permit  
7 the committee to change, alter, or amend text which is not in  
8 disagreement in proposed SECTION 18 of the bill, the effective date  
9 provision of the bill, to read as follows:

10           SECTION 18. Except as otherwise provided by this Act, this  
11 Act takes effect September 1, 2017.

12           Explanation: The change in the effective date provision is  
13 necessary to provide an exception for provisions of the bill that  
14 take effect on a date other than September 1, 2017.

Landgraf

H.R. No. 2614

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Speaker of the House

I certify that H.R. No. 2614 was adopted by the House on May 28, 2017, by the following vote: Yeas 144, Nays 0, 2 present, not voting.

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Chief Clerk of the House