87R11388 JAM-F

By:  Johnson S.B. No. 1804

A BILL TO BE ENTITLED

AN ACT

relating to use of Texas emissions reduction plan funds for a small non-road engine purchase incentive program.

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

SECTION 1.  Section 386.051(b), Health and Safety Code, is amended to read as follows:

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

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

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

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

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

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

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

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

(8)  air quality planning activities as provided by Section 386.252(d);

(9)  a contract with the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station for computation of creditable statewide emissions reductions as provided by Section 386.252(a);

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

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

(12)  the Texas natural gas vehicle grant program established under Chapter 394;

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

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

(15)  the seaport and rail yard areas emissions reduction program established under Subchapter D-1;

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

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

(18)  the governmental alternative fuel fleet grant program established under Chapter 395; and

(19)  the small non-road engines purchase incentive program established under Subchapter G.

SECTION 2.  Section 386.252(a), Health and Safety Code, as effective September 1, 2021, is amended to read as follows:

(a)  Money in the fund and account may be used only to implement and administer programs established under the plan. Subject to the reallocation of funds by the commission under Subsection (h), money from the fund and account to be used for the programs under Section 386.051(b) shall initially be allocated as follows:

(1)  four percent may be used for the clean school bus program under Chapter 390;

(2)  three percent may be used for the new technology implementation grant program under Chapter 391, from which at least $1 million will be set aside for electricity storage projects related to renewable energy;

(3)  five percent may be used for the Texas clean fleet program under Chapter 392;

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

(5)  10 percent may be used for the Texas natural gas vehicle grant program under Chapter 394;

(6)  not more than $6 million may be used for the Texas alternative fueling facilities program under Chapter 393, of which a specified amount may be used for fueling stations to provide natural gas fuel, except that money may not be allocated for the Texas alternative fueling facilities program for the state fiscal year ending August 31, 2019;

(7)  not more than $750,000 may be used each year to support research related to air quality as provided by Chapter 387;

(8)  not more than $200,000 may be used for a health effects study;

(9)  at least $6 million but not more than $16 million may be used by the commission for administrative costs, including all direct and indirect costs for administering the plan, costs for conducting outreach and education activities, and costs attributable to the review or approval of applications for marketable emissions reduction credits;

(10)  six percent may be used by the commission for the seaport and rail yard areas emissions reduction program established under Subchapter D-1;

(11)  five percent may be used for the light-duty motor vehicle purchase or lease incentive program established under Subchapter D;

(12)  not more than $216,000 may be used by the commission to contract with the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station annually for the development and annual computation of creditable statewide emissions reductions obtained through wind and other renewable energy resources for the state implementation plan;

(13)  not more than $500,000 may be used for studies of or pilot programs for incentives for port authorities located in nonattainment areas or affected counties to encourage cargo movement that reduces emissions of nitrogen oxides and particulate matter; [~~and~~]

(14)  two percent may be used for the small non-road engine purchase incentive program established under Subchapter G; and

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

SECTION 3.  Chapter 386, Health and Safety Code, is amended by adding Subchapter G to read as follows:

SUBCHAPTER G. SMALL NON-ROAD ENGINE PURCHASE INCENTIVE PROGRAM

Sec. 386.301.  DEFINITIONS. In this subchapter:

(1)  "Four-stroke engine" means an engine that goes through the steps of compression, power, exhaust, and intake in four piston strokes.

(2)  "Non-road engine" means equipment powered by an engine with under 25 horsepower.

(3)  "Ozone precursors" means pollutants, including nitrogen oxides and volatile organic compounds, that create ground level ozone through chemical reactions.

(4)  "Program" means the small non-road engine program established under this subchapter.

(5)  "Two-stroke engine" means an engine that goes through the steps of compression, power, exhaust, and intake in two piston strokes and mixes fuel with oil in the process.

Sec. 386.302.  PROGRAM CREATION; PURPOSE. (a) The commission shall develop a purchase incentive program designed to reduce emissions, including the emissions of ozone precursors, particulate matter, and carbon monoxide, produced by two-stroke and four-stroke non-road engines.

(b)  The program shall authorize statewide financial incentives for the purchase of certain batteries and new electrically-powered non-road engines by persons in this state.

(c)  The commission shall adopt rules necessary to implement the program, including designating alternative technologies and products eligible for incentives.

Sec. 386.303.  ELIGIBILITY. (a) The purchase of certain batteries or non-road engines by a person in this state is eligible for an incentive under the program if:

(1)  the battery purchased is necessary to improve the efficiency of an electrically-powered non-road engine owned or operated by the person, as established by commission rule;

(2)  the non-road engine purchased is electrically-powered or powered by another alternative technology designated by the commission;

(3)  the purchase meaningfully reduces emissions in this state, as determined under Subsection (b); and

(4)  the purchase satisfies any minimum purchase quantity requirements established by the commission to ensure efficient administration of the program.

(b)  The commission shall establish criteria for determining whether a purchase of non-road engines or certain batteries meaningfully reduces emissions in this state. The commission shall review and revise the criteria as appropriate. The criteria must include:

(1)  the proposed frequency of use of the newly purchased non-road engine;

(2)  the degree to which the purchase reduces the use of existing two-stroke and four-stroke non-road engines; and

(3)  the cost-effectiveness of the purchase as it relates to advancing the purpose of the program under Section 386.301.

(c)  When establishing criteria under this section, the commission may allow for greater incentives for purchases that reduce:

(1)  health risks to operators when using equipment with non-road engines; and

(2)  emissions of ozone precursors from non-road engines that operate primarily within a nonattainment area or an affected county.

(d)  The commission may require the disposal of a two-stroke engine or four-stroke engines replaced by a non-road engine that is the subject of an incentive under this subchapter.

Sec. 386.304.  APPLICATION FOR INCENTIVE. (a) A person who makes a purchase that meets the eligibility requirements under Section 386.303 may apply for an incentive under the program.

(b)  An application for an incentive under this chapter must be made on a form provided by the commission and must contain any information necessary to:

(1)  determine whether the project meets eligibility requirements; and

(2)  ensure the efficient administration of the program.

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

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

(2)  implementing a system to accept applications electronically through the commission's Internet website.

Sec. 386.305.  AMOUNT OF INCENTIVE; ADMINISTRATION. (a) An incentive provided under this subchapter may not exceed 80 percent of the cost of eligible purchases of non-road engines and certain batteries.

(b)  The commission shall set standards for determining incentive amounts, and may revise these standards as needed to:

(1)  reflect changes to federal emission standards and developments in technological capabilities and scientific knowledge; and

(2)  maximize the cost-effectiveness of the program in reducing emissions.

(c)  The commission shall publicize and promote the availability of incentives under this subchapter to encourage eligible purchases of non-road engines.

(d)  The commission shall include in the biennial plan report required by Section 386.057(b) a report of commission actions and results under this subchapter.

SECTION 4.  The Texas Commission on Environmental Quality shall adopt rules and establish procedures under Subchapter G, Chapter 386, Health and Safety Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 5.  This Act takes effect September 1, 2021.