By:  Landgraf H.B. No. 3100

A BILL TO BE ENTITLED

AN ACT

relating to the creation of a hydrogen infrastructure and vehicle grant program under the Texas emissions reduction plan.

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);

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

(19)  remittance of funds to the state highway fund for use by the Texas Department of Transportation for congestion mitigation and air quality improvement projects in nonattainment areas and affected counties; and

(20)  the Texas hydrogen infrastructure and vehicle grant program established under Subchapter G.

SECTION 2.  Section 386.252(a), Health and Safety Code, 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) and after remittance to the state highway fund under Subsection (a-1), 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)  not more than $8 million may be used for the Texas hydrogen infrastructure and vehicle grant 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. TEXAS HYDROGEN INFRASTRUCTURE AND VEHICLE GRANT PROGRAM

Sec. 386.301.  DEFINITIONS. In this subchapter:

(1)  "Hydrogen vehicle" means a motor vehicle that uses hydrogen to operate the vehicle, including through the use of hydrogen fuel cells or an internal combustion engine that runs on hydrogen.

(2)  "Program" means the Texas hydrogen infrastructure and vehicle grant program established under this subchapter.

Sec. 386.302.  PROGRAM. (a) The commission shall establish and administer the Texas hydrogen infrastructure and vehicle grant program to encourage the adoption of hydrogen infrastructure and vehicles. Under the program, the commission shall provide funding for eligible projects to offset the incremental cost of projects that reduce emissions of oxides of nitrogen from high-emitting sources in the state. The commission shall determine the eligibility of projects.

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

(1)  implementation of hydrogen infrastructure projects;

(2)  purchase or lease of on-road or non-road hydrogen vehicles;

(3)  replacement of on-road or non-road vehicles with newer on-road or non-road hydrogen vehicles; and

(4)  use of hydrogen fuel.

(c)  A project listed in Subsection (b) is not eligible if it is required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding document. This subsection does not apply to:

(1)  an otherwise qualified project, regardless of the fact that the state implementation plan assumes that the change in equipment, vehicles, or operations will occur, if on the date the grant is awarded the change is not required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding document; or

(2)  the purchase of a hydrogen vehicle or facility required only by local law or regulation or by corporate or controlling board policy of a public or private entity.

Sec. 386.303.  APPLICATION PACKAGE. (a) The commission shall develop a simple, standardized application package for grants under this subchapter. The package must include:

(1)  an application form;

(2)  a brief description of:

(A)  the program;

(B)  the projects that are eligible for available funding;

(C)  the selection criteria and evaluation process; and

(D)  the required documentation;

(3)  the name of a person or office to contact for more information;

(4)  an example of the contract that an applicant will be required to execute before receiving a grant; and

(5)  any other information the commission considers useful to inform the applicant and expedite the application process.

(b)  The application form shall require as much information as the commission determines is necessary to properly evaluate each project but shall otherwise minimize the information required.

Sec. 386.304.  APPLICATION REVIEW PROCEDURES. (a) The commission shall review an application for a grant for a project authorized under this subchapter. If the commission determines that an application is incomplete, the commission shall notify the applicant with an explanation of what is missing from the application. The commission shall evaluate the completed application according to the appropriate project criteria. Subject to available funding, the commission shall make a final determination on an application as soon as possible.

(b)  The commission shall make every effort to expedite the application review process and to award grants to qualified projects in a timely manner. To the extent possible, the commission shall coordinate project review and approval with any timing constraints related to project purchases or installations to be made by an applicant.

(c)  The commission may deny an application for a project that does not meet the applicable project criteria or that the commission determines is not made in good faith, is not credible, or is not in compliance with this chapter and the goals of this chapter.

(d)  Subject to availability of funds, the commission shall award a grant under this subchapter in conjunction with the execution of a contract that obligates the commission to make the grant and the recipient to perform the actions described in the recipient's grant application. The contract must incorporate provisions for recapturing grant money in proportion to any loss of emissions reductions compared with the volume of emissions reductions that was projected in awarding the grant. Grant money recaptured under the contract provision shall be deposited in the fund and reallocated for other projects under this chapter.

SECTION 4.  This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2023.