By:  Landgraf H.B. No. 4885

A BILL TO BE ENTITLED

AN ACT

relating to 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, including the grant program established under Section 386.184;

(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.

SECTION 2.  Section 386.154, Health and Safety Code, is amended by amending Subsection (d) and adding Subsections (f) and (g) to read as follows:

(d)  A new light-duty motor vehicle powered by an electric drive is eligible for a $2,500 incentive if the total consideration, as defined by Section 152.002, Tax Code, of the vehicle is less than $55,000 and the vehicle:

(1)  has four wheels;

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

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

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

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

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

(B)  is capable of being recharged from an external source of electricity; [~~and~~]

(6)  is not designed, used, or maintained primarily to transport property; and

(7)  was sold or leased [~~acquired~~] on or after September 1, 2013, or a later date as established by the commission, by the seller or lessor [~~person~~] applying for the incentive under this subsection and for use or lease by the purchaser or lessee of the vehicle [~~that person~~] and not for resale.

(f)  A new light-duty motor vehicle powered by an electric drive is eligible for a $4,000 incentive if the vehicle:

(1)  has four wheels;

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

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

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

(5)  is propelled solely by an electric motor that draws electricity from a battery that:

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

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

(6)  is designed, used, or maintained primarily to transport property; and

(7)  was sold or leased on or after September 1, 2024, or a later date as established by the commission, by the seller or lessor applying for the incentive under this subsection and for use or lease by the purchaser or lessee of the vehicle and not for resale.

(g)  Notwithstanding Subsections (c) and (e), and subject to Section 386.252(a)(11), at the beginning of the second state fiscal year of the biennium, the commission shall adjust the initial vehicle limitations provided under Subsection (c) and (e) based on demand for incentives under this section during the preceding state fiscal year.

SECTION 3.  Subchapter D-1, Chapter 386, Health and Safety Code, is amended by adding Section 386.184 to read as follows:

Sec. 386.184.  GRANT PROGRAM FOR ALTERNATIVELY FUELED DRAYAGE TRUCK OR CARGO HANDLING EQUIPMENT INFRASTRUCTURE PROJECTS. (a) The commission shall establish and administer a grant program to encourage the purchase, construction, and installation of infrastructure needed in nonattainment areas and affected counties of this state to support the use of drayage trucks that are or cargo handling equipment that is powered by an alternative fuel, as defined by Section 393.001.

(b)  A grant awarded under the program established by this section may not exceed more than 80 percent of the estimated purchase, construction, and installation costs of the infrastructure project, provided that the commission may establish a reasonable maximum amount of a grant awarded per infrastructure project as needed.

SECTION 4.  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)  eight [~~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 and not more than $8 million may be used for hydrogen infrastructure and vehicles;

(3)  7.5 [~~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)  five [~~10~~] percent may be used for the Texas natural gas vehicle grant program under Chapter 394;

(6)  eight percent [~~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, including the grant program established under Section 386.184;

(11)  2.5 [~~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)  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 5.  Sec. 391.001, Health and Safety Code is amended to read as follows: DEFINITIONS. In this chapter:

(1)  "Best available control technology" has the meaning assigned by Section 169 of the federal Clean Air Act (42 U.S.C. Section 7479(3)).

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

(3)  "Facility" has the meaning assigned by Section 382.003.

(4)  "Incremental cost" has the meaning assigned by Section 386.001.

(5)  "New technology" means emissions control technology that results in emissions reductions that exceed state or federal requirements in effect at the time of submission of a new technology implementation grant application.

(6)  "Stationary source" has the meaning assigned by Section 302 of the federal Clean Air Act (42 U.S.C. Section 7602(z)).

(7)  "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.

SECTION 6.  Sec. 391.002(b), Health and Safety Code, is amended to read as follows:

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

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

(2)  new technology projects that reduce emissions of regulated pollutants from stationary sources;

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

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

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

(C)  the installation of systems that reduce flaring emissions and other site emissions; [~~and~~]

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

(5)  to encourage the adoption of hydrogen infrastructure and vehicles, including:

(A)  implementation of hydrogen infrastructure projects;

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

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

(D)  use of hydrogen fuel; and

(E)  purchase or lease of hydrogen engines and heavy equipment.

SECTION 7.  Section 393.006(a), Health and Safety Code, is amended to read as follows:

(a)  Grants awarded under this chapter for a facility to provide alternative fuels other than natural gas may not exceed [~~the lesser of:~~

[~~(1)~~]  50 percent of the sum of the actual eligible costs incurred by the grant recipient within deadlines established by the commission[~~; or~~

[~~(2)  $600,000~~].

SECTION 8.  The changes in law made by this Act apply only to a Texas emissions reduction plan grant awarded on or after the effective date of this Act. A grant awarded before the effective date of this Act is governed by the law in effect on the date the award was made, and the former law is continued in effect for that purpose.

SECTION 9.  This Act takes effect September 1, 2023.