

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

1 Section 386.252(d);

2 (9) a contract with the Energy Systems Laboratory at
3 the Texas A&M Engineering Experiment Station for computation of
4 creditable statewide emissions reductions as provided by Section
5 386.252(a);

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

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

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

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

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

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

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

25 (17) studies of or pilot programs for incentives for
26 port authorities located in nonattainment areas or affected
27 counties as provided by Section 386.252(a);

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

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

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

9 SECTION 2. Section 386.252(a), Health and Safety Code, is
10 amended to read as follows:

11 (a) Money in the fund and account may be used only to
12 implement and administer programs established under the plan.
13 Subject to the reallocation of funds by the commission under
14 Subsection (h) and after remittance to the state highway fund under
15 Subsection (a-1), money from the fund and account to be used for the
16 programs under Section 386.051(b) shall initially be allocated as
17 follows:

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

20 (2) three percent may be used for the new technology
21 implementation grant program under Chapter 391, from which at least
22 \$1 million will be set aside for electricity storage projects
23 related to renewable energy;

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

26 (4) not more than \$3 million may be used by the
27 commission to fund a regional air monitoring program in commission

1 Regions 3 and 4 to be implemented under the commission's oversight,
2 including direction regarding the type, number, location, and
3 operation of, and data validation practices for, monitors funded by
4 the program through a regional nonprofit entity located in North
5 Texas having representation from counties, municipalities, higher
6 education institutions, and private sector interests across the
7 area;

8 (5) 10 percent may be used for the Texas natural gas
9 vehicle grant program under Chapter 394;

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

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

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

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

26 (10) six percent may be used by the commission for the
27 seaport and rail yard areas emissions reduction program established

1 under Subchapter D-1;

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

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

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

16 (14) not more than \$8 million may be used for the Texas
17 hydrogen infrastructure and vehicle grant program established
18 under Subchapter G; and

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

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

24 SUBCHAPTER G. TEXAS HYDROGEN INFRASTRUCTURE AND VEHICLE GRANT
25 PROGRAM

26 Sec. 386.301. DEFINITIONS. In this subchapter:

27 (1) "Hydrogen vehicle" means a motor vehicle that uses

1 hydrogen to operate the vehicle, including through the use of
2 hydrogen fuel cells or an internal combustion engine that runs on
3 hydrogen.

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

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

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

16 (1) implementation of hydrogen infrastructure
17 projects;

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

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

22 (4) use of hydrogen fuel.

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

27 (1) an otherwise qualified project, regardless of the

1 fact that the state implementation plan assumes that the change in
2 equipment, vehicles, or operations will occur, if on the date the
3 grant is awarded the change is not required by any state or federal
4 law, rule or regulation, memorandum of agreement, or other legally
5 binding document; or

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

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

12 (1) an application form;

13 (2) a brief description of:

14 (A) the program;

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

17 (C) the selection criteria and evaluation
18 process; and

19 (D) the required documentation;

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

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

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

27 (b) The application form shall require as much information

1 as the commission determines is necessary to properly evaluate each
2 project but shall otherwise minimize the information required.

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

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

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

23 (d) Subject to availability of funds, the commission shall
24 award a grant under this subchapter in conjunction with the
25 execution of a contract that obligates the commission to make the
26 grant and the recipient to perform the actions described in the
27 recipient's grant application. The contract must incorporate

1 provisions for recapturing grant money in proportion to any loss of
2 emissions reductions compared with the volume of emissions
3 reductions that was projected in awarding the grant. Grant money
4 recaptured under the contract provision shall be deposited in the
5 fund and reallocated for other projects under this chapter.

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