

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);

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

5           (10) the Texas clean fleet program established under  
6 Chapter [392](#);

7           (11) the Texas alternative fueling facilities program  
8 established under Chapter [393](#);

9           (12) the Texas natural gas vehicle grant program  
10 established under Chapter [394](#);

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

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

18           (15) the seaport and rail yard areas emissions  
19 reduction program established under Subchapter D-1, including the  
20 grant program established under Section 386.184;

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.

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

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

14                   (1) has four wheels;

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

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

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

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

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

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

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

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

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

10           (1) has four wheels;

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

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

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

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

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

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

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

25           (7) was sold or leased on or after September 1, 2024,  
26 or a later date as established by the commission, by the seller or  
27 lessor applying for the incentive under this subsection and for use

1 or lease by the purchaser or lessee of the vehicle and not for  
2 resale.

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

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

11 Sec. 386.184. GRANT PROGRAM FOR ALTERNATIVELY FUELED  
12 DRAYAGE TRUCK OR CARGO HANDLING EQUIPMENT INFRASTRUCTURE PROJECTS.

13 (a) The commission shall establish and administer a grant program  
14 to encourage the purchase, construction, and installation of  
15 infrastructure needed in nonattainment areas and affected counties  
16 of this state to support the use of drayage trucks that are or cargo  
17 handling equipment that is powered by an alternative fuel, as  
18 defined by Section 393.001.

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

25 SECTION 4. Section 386.252(a), Health and Safety Code, is  
26 amended to read as follows:

27 (a) Money in the fund and account may be used only to

1 implement and administer programs established under the plan.  
2 Subject to the reallocation of funds by the commission under  
3 Subsection (h) and after remittance to the state highway fund under  
4 Subsection (a-1), money from the fund and account to be used for the  
5 programs under Section 386.051(b) shall initially be allocated as  
6 follows:

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

9 (2) eight [~~three~~] percent may be used for the new  
10 technology implementation grant program under Chapter 391, from  
11 which at least \$1 million will be set aside for electricity storage  
12 projects related to renewable energy and not more than \$8 million  
13 may be used for hydrogen infrastructure and vehicles;

14 (3) 7.5 [~~five~~] percent may be used for the Texas clean  
15 fleet program under Chapter 392;

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

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

27 (6) eight percent [~~not more than \$6 million~~] may be

1 used for the Texas alternative fueling facilities program under  
2 Chapter 393[, of which a specified amount may be used for fueling  
3 stations to provide natural gas fuel, except that money may not be  
4 allocated for the Texas alternative fueling facilities program for  
5 the state fiscal year ending August 31, 2019];

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

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

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

16 (10) six percent may be used by the commission for the  
17 seaport and rail yard areas emissions reduction program established  
18 under Subchapter D-1, including the grant program established under  
19 Section 386.184;

20 (11) 2.5 [~~five~~] percent may be used for the light-duty  
21 motor vehicle purchase or lease incentive program established under  
22 Subchapter D;

23 (12) not more than \$216,000 may be used by the  
24 commission to contract with the Energy Systems Laboratory at the  
25 Texas A&M Engineering Experiment Station annually for the  
26 development and annual computation of creditable statewide  
27 emissions reductions obtained through wind and other renewable

1 energy resources for the state implementation plan;

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

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

10 SECTION 5. Sec. 391.001, Health and Safety Code is amended  
11 to read as follows: DEFINITIONS. In this chapter:

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

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

17 (3) "Facility" has the meaning assigned by Section  
18 382.003.

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

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

25 (6) "Stationary source" has the meaning assigned by  
26 Section 302 of the federal Clean Air Act (42 U.S.C. Section  
27 7602(z)).



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

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

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

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

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

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

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

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

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

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

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

3                   (A) implementation of hydrogen infrastructure  
4 projects;

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

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

9                   (D) use of hydrogen fuel; and

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

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

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

17                   ~~[(1)]~~ 50 percent of the sum of the actual eligible  
18 costs incurred by the grant recipient within deadlines established  
19 by the commission~~[, or~~

20                   ~~[(2)] \$600,000].~~

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

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