

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

5-25-19

Date

Honorable Dan Patrick
President of the Senate

Honorable Dennis Bonnen
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on HOUSE BILL 3745 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

Birdwell B.

Birdwell, B.

J. J. Hingosa

Hingosa, J.

B. Hughes

Hughes, B.

J. Nelson

Nelson, J.

L. Taylor

On the part of the Senate

Taylor, L.

Cecil Bell

Bell, C

Capriglione

Mary Gonzalez

Gonzalez, M

Longoria

John Zerwas

On the part of the House

Zerwas

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

H.B. No. 3745

A BILL TO BE ENTITLED

1

AN ACT

2 relating to the Texas emissions reduction plan fund and account.

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

4 ARTICLE 1. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT

5 SECTION 1.01. Section 386.001, Health and Safety Code, is
6 amended by adding Subdivision (1) and amending Subdivision (5) to
7 read as follows:

8 (1) "Account" means the Texas emissions reduction plan
9 account established under Section 386.251.

10 (5) "Fund" means the Texas emissions reduction plan
11 fund established under Section 386.250.

12 SECTION 1.02. Section 386.057(c), Health and Safety Code,
13 is amended to read as follows:

14 (c) For projects funded as part of the infrastructure
15 program under Subchapter C, the report must:

16 (1) describe and evaluate:

17 (A) the infrastructure facilities funded under
18 that subchapter;

19 (B) the degree to which the funded facilities are
20 supporting on-road or non-road diesel projects;

21 (C) the amount of fuel or electricity dispensed
22 for each facility; and

23 (D) associated emissions reductions and
24 cost-effectiveness; and

1 (2) make a finding regarding the need for additional
2 appropriations from the account [~~fund~~] to improve the ability of
3 the program to achieve its goals.

4 SECTION 1.03. The heading to Subchapter F, Chapter 386,
5 Health and Safety Code, is amended to read as follows:

6 SUBCHAPTER F. TEXAS EMISSIONS REDUCTION PLAN FUND AND ACCOUNT

7 SECTION 1.04. Subchapter F, Chapter 386, Health and Safety
8 Code, is amended by adding Section 386.250 to read as follows:

9 Sec. 386.250. TEXAS EMISSIONS REDUCTION PLAN FUND. (a) The
10 Texas emissions reduction plan fund is established as a trust fund
11 outside the state treasury to be held by the comptroller and
12 administered by the commission as trustee. Money in the fund may be
13 spent without legislative appropriation and may be used only as
14 provided by this chapter. Interest and other earnings on the
15 balance of the fund shall be credited to the fund.

16 (b) The fund consists of:

17 (1) the amount of money deposited to the credit of the
18 fund under:

19 (A) Section 386.056;

20 (B) Sections 151.0515 and 152.0215, Tax Code; and

21 (C) Sections 501.138, 502.358, and 548.5055,

22 Transportation Code; and

23 (2) grant money recaptured under Section 386.111(d)
24 and Chapter 391.

25 (c) Not later than the 30th day after the last day of each
26 state fiscal biennium, the commission shall transfer the
27 unencumbered balance of the fund remaining on the last day of the

1 state fiscal biennium to the credit of the Texas emissions
2 reduction plan account.

3 SECTION 1.05. Section 386.251, Health and Safety Code, is
4 amended to read as follows:

5 Sec. 386.251. TEXAS EMISSIONS REDUCTION PLAN ACCOUNT
6 [~~FUND~~]. (a) The Texas emissions reduction plan account [~~fund~~] is
7 an account in the state treasury.

8 (b) The account [~~fund~~] is administered by the commission for
9 the benefit of the plan established under this chapter. The account
10 [~~fund~~] is exempt from the application of Section 403.095,
11 Government Code. Interest earned on the account [~~fund~~] shall be
12 credited to the account [~~fund~~].

13 (c) The account [~~fund~~] consists of its accumulated balance
14 and [+

15 [~~(1)~~] the amount of money transferred to the account
16 under Section 386.250(c) [~~deposited to the credit of the fund~~
17 under+

18 [~~(A) Section 386.056,~~

19 [~~(B) Sections 151.0515 and 152.0215, Tax Code,~~

20 and

21 [~~(C) Sections 501.138, 502.358, and 548.5055,~~

22 Transportation Code, and

23 [~~(2) grant money recaptured under Section 386.111(d)~~

24 and Chapter 391].

25 SECTION 1.06. The heading to Section 386.252, Health and
26 Safety Code, is amended to read as follows:

27 Sec. 386.252. USE OF FUND AND ACCOUNT.

1 SECTION 1.07. Sections 386.252(a), (b), (e), (f), (g), and
2 (h), Health and Safety Code, are amended to read as follows:

3 (a) Money in the fund and account may be used only to
4 implement and administer programs established under the
5 plan. Subject to the reallocation of funds by the commission under
6 Subsection (h), money from the fund and account [~~appropriated to~~
7 ~~the commission~~] to be used for the programs under Section
8 386.051(b) shall initially be allocated as follows:

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

11 (2) three percent may be used for the new technology
12 implementation grant program under Chapter 391, from which at least
13 \$1 million will be set aside for electricity storage projects
14 related to renewable energy;

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

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

26 (5) 10 percent may be used for the Texas natural gas
27 vehicle grant program under Chapter 394;

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

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

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

11 (9) at least \$6 million but not more than \$16 [~~\$8~~]
12 million may be used by [~~is allocated to~~] the commission for
13 administrative costs, including all direct and indirect costs for
14 administering the plan, costs for conducting outreach and education
15 activities, and costs attributable to the review or approval of
16 applications for marketable emissions reduction credits;

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

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

23 (12) not more than \$216,000 may be used by [~~is~~
24 ~~allocated to~~] the commission to contract with the Energy Systems
25 Laboratory at the Texas A&M Engineering Experiment Station annually
26 for the 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 (b) Money in the fund and account may be used by the
11 commission for programs under Sections 386.051(b)(13), (b)(14),
12 and (b-1) [~~as may be appropriated for those programs~~].

13 (e) Money in the fund and account may be used [~~allocated~~]
14 for administrative costs incurred by the Energy Systems Laboratory
15 at the Texas A&M Engineering Experiment Station [~~as may be~~
16 ~~appropriated by the legislature~~].

17 (f) Not [~~To the extent that money is appropriated from the~~
18 ~~fund for that purpose, not~~] more than \$2.5 million from the fund and
19 account may be used by the commission to conduct research and other
20 activities associated with making any necessary demonstrations to
21 the United States Environmental Protection Agency to account for
22 the impact of foreign emissions or an exceptional event.

23 (g) The [~~To the extent that money is appropriated from the~~
24 ~~fund for that purpose, the~~] commission may use [~~that~~] money from the
25 fund and account to award grants under the governmental alternative
26 fuel fleet grant program established under Chapter 395, except that
27 the commission may not use for that purpose more than three percent

1 of the balance of the fund as of September 1 of each state fiscal
2 year of the biennium for the governmental alternative fuel fleet
3 grant program in that fiscal year.

4 (h) Subject to the limitations outlined in this section [~~and~~
5 ~~any additional limitations placed on the use of the appropriated~~
6 ~~funds~~], money allocated under this section to a particular program
7 may be used for another program under the plan as determined by the
8 commission, based on demand for grants for eligible projects under
9 particular programs after the commission solicits projects to which
10 to award grants according to the initial allocation provisions of
11 this section.

12 SECTION 1.08. Section 395.011, Health and Safety Code, is
13 amended to read as follows:

14 Sec. 395.011. FUNDING. The legislature may appropriate
15 money to the commission from the Texas emissions reduction plan
16 account [~~fund~~] established under Section 386.251 to administer the
17 program.

18 SECTION 1.09. The amendments to Section 386.251, Health and
19 Safety Code, made by this article do not affect the balance of the
20 Texas Emissions Reduction Plan Account No. 5071 remaining on
21 September 1, 2021.

22 SECTION 1.10. This article takes effect September 1, 2021.

23 ARTICLE 2. FUNDING SOURCES

24 SECTION 2.01. Section 151.0515(d), Tax Code, is amended to
25 read as follows:

26 (d) This section expires on the last day of the state fiscal
27 biennium during which the Texas Commission on Environmental Quality

1 publishes in the Texas Register the notice required by Section
2 382.037, Health and Safety Code [August 31, 2019].

3 SECTION 2.02. Section 152.0215(c), Tax Code, is amended to
4 read as follows:

5 (c) This section expires on the last day of the state fiscal
6 biennium during which the Texas Commission on Environmental Quality
7 publishes in the Texas Register the notice required by Section
8 382.037, Health and Safety Code [August 31, 2019].

9 SECTION 2.03. Section 501.138(b-3), Transportation Code,
10 is amended to read as follows:

11 (b-3) This subsection and Subsection (b-2) expire on the
12 last day of the state fiscal biennium during which the Texas
13 Commission on Environmental Quality publishes in the Texas Register
14 the notice required by Section 382.037, Health and Safety Code
15 [August 31, 2019].

16 SECTION 2.04. Section 502.358(c), Transportation Code, is
17 amended to read as follows:

18 (c) This section expires on the last day of the state fiscal
19 biennium during which the Texas Commission on Environmental Quality
20 publishes in the Texas Register the notice required by Section
21 382.037, Health and Safety Code [August 31, 2019].

22 SECTION 2.05. The heading to Section 548.5055,
23 Transportation Code, is amended to read as follows:

24 Sec. 548.5055. TEXAS EMISSIONS [~~EMISSION~~] REDUCTION PLAN
25 FEE.

26 SECTION 2.06. Sections 548.5055(b) and (c), Transportation
27 Code, are amended to read as follows:

1 (b) The department shall remit fees collected under this
2 section to the comptroller at the time and in the manner prescribed
3 by the comptroller for deposit in the Texas emissions [~~emission~~]
4 reduction plan fund.

5 (c) This section expires on the last day of the state fiscal
6 biennium during which the conservation commission publishes in the
7 Texas Register the notice required by Section 382.037, Health and
8 Safety Code [~~August 31, 2019~~].

9 SECTION 2.07. Sections 8(a-2) and (b), Chapter 755 (S.B.
10 1731), Acts of the 85th Legislature, Regular Session, 2017, are
11 repealed.

12 ARTICLE 3. EFFECTIVE DATE

13 SECTION 3.01. Except as otherwise provided by this Act,
14 this Act takes effect August 30, 2019.

House Bill 3745
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

ARTICLE 1. TEXAS EMISSIONS REDUCTION PLAN
FUND AND ACCOUNT

No equivalent provision.

Same as House version.

SECTION 1.01. Section 386.001, Health and Safety Code, is amended by adding Subdivision (1) and amending Subdivision (5) to read as follows:

No equivalent provision.

SECTION 1.01. Same as House version.

(1) "Account" means the Texas emissions reduction plan account established under Section 386.251.

(5) "Fund" means the Texas emissions reduction plan fund established under Section 386.250.

SECTION 1.02. Section 386.057(c), Health and Safety Code, is amended to read as follows:

No equivalent provision.

SECTION 1.02. Same as House version.

(c) For projects funded as part of the infrastructure program under Subchapter C, the report must:

(1) describe and evaluate:

(A) the infrastructure facilities funded under that subchapter;

(B) the degree to which the funded facilities are supporting on-road or non-road diesel projects;

(C) the amount of fuel or electricity dispensed for each facility; and

(D) associated emissions reductions and cost-effectiveness; and

(2) make a finding regarding the need for additional appropriations from the account ~~fund~~ to improve the ability of the program to achieve its goals.

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HOUSE VERSION

SENATE VERSION (IE)

CONFERENCE

SECTION 1.03. The heading to Subchapter F, Chapter 386, Health and Safety Code, is amended to read as follows:
SUBCHAPTER F. TEXAS EMISSIONS REDUCTION
PLAN FUND AND ACCOUNT

No equivalent provision.

SECTION 1.03. Same as House version.

SECTION 1.04. Subchapter F, Chapter 386, Health and Safety Code, is amended by adding Section 386.250 to read as follows:

No equivalent provision.

SECTION 1.04. Same as House version.

Sec. 386.250. TEXAS EMISSIONS REDUCTION PLAN FUND. (a) The Texas emissions reduction plan fund is established as a trust fund outside the state treasury to be held by the comptroller and administered by the commission as trustee. Money in the fund may be spent without legislative appropriation and may be used only as provided by this chapter. Interest and other earnings on the balance of the fund shall be credited to the fund.

(b) The fund consists of:

(1) the amount of money deposited to the credit of the fund under:

(A) Section 386.056;

(B) Sections 151.0515 and 152.0215, Tax Code; and

(C) Sections 501.138, 502.358, and 548.5055, Transportation Code; and

(2) grant money recaptured under Section 386.111(d) and Chapter 391.

(c) Not later than the 30th day after the last day of each state fiscal biennium, the commission shall transfer the unencumbered balance of the fund remaining on the last day of the state fiscal biennium to the credit of the Texas emissions reduction plan account.

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SENATE VERSION (IE)

CONFERENCE

SECTION 1.05. Section 386.251, Health and Safety Code, is amended to read as follows:

Sec. 386.251. TEXAS EMISSIONS REDUCTION PLAN ACCOUNT ~~[FUND]~~. (a) The Texas emissions reduction plan account ~~[fund]~~ is an account in the state treasury.

(b) The account ~~[fund]~~ is administered by the commission for the benefit of the plan established under this chapter. The account ~~[fund]~~ is exempt from the application of Section 403.095, Government Code. Interest earned on the account ~~[fund]~~ shall be credited to the account ~~[fund]~~.

(c) The account ~~[fund]~~ consists of its accumulated balance and ~~the~~:

~~[(1) the amount of money transferred to the account under Section 386.250(c) deposited to the credit of the fund under:~~

~~[(A) Section 386.056;~~

~~[(B) Sections 151.0515 and 152.0215, Tax Code; and~~

~~[(C) Sections 501.138, 502.358, and 548.5055, Transportation Code; and~~

~~[(2) grant money recaptured under Section 386.111(d) and Chapter 391].~~

No equivalent provision.

SECTION 1.05. Same as House version.

SECTION 1.06. The heading to Section 386.252, Health and Safety Code, is amended to read as follows:

Sec. 386.252. USE OF FUND AND ACCOUNT.

No equivalent provision.

SECTION 1.06. Same as House version.

SECTION 1.07. Sections 386.252(a), (b), (e), (f), (g), and (h), Health and Safety Code, are amended to read as follows:

No equivalent provision.

SECTION 1.07. Same as House version, except as follows:

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SENATE VERSION (IE)

CONFERENCE

(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 [~~appropriated to the commission~~] 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 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

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CONFERENCE

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 ***\$8 million*** may be used by ~~[is allocated to]~~ 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 ~~[is allocated to]~~ 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

(9) at least \$6 million but not more than ***\$16 [\$8] million*** may be used by ~~[is allocated to]~~ 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;

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(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.

(b) Money in the fund and account may be used by the commission for programs under Sections 386.051(b)(13), (b)(14), and (b-1) [~~as may be appropriated for those programs~~].

(e) Money in the fund and account may be used [~~allocated~~] for administrative costs incurred by the Energy Systems Laboratory at the Texas A&M Engineering Experiment Station [~~as may be appropriated by the legislature~~].

(f) Not [~~To the extent that money is appropriated from the fund for that purpose, not~~] more than \$2.5 million from the fund and account may be used by the commission to conduct 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.

(g) The [~~To the extent that money is appropriated from the fund for that purpose, the~~] commission may use [~~that~~] money from the fund and account to award grants under the governmental alternative fuel fleet grant program established under Chapter 395, except that the commission may not use for that purpose more than three percent of the balance of the fund as of September 1 of each state fiscal year of the biennium for the governmental alternative fuel fleet grant program in that fiscal year.

(h) Subject to the limitations outlined in this section [~~and any additional limitations placed on the use of the appropriated funds~~], money allocated under this section to a particular program may be used for another program under

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the plan as determined by the commission, based on demand for grants for eligible projects under particular programs after the commission solicits projects to which to award grants according to the initial allocation provisions of this section.

SECTION 1.08. Section 395.011, Health and Safety Code, is amended to read as follows:
Sec. 395.011. FUNDING. The legislature may appropriate money to the commission from the Texas emissions reduction plan account [~~fund~~] established under Section 386.251 to administer the program.

No equivalent provision.

SECTION 1.08. Same as House version.

SECTION 1.09. The amendments to Section 386.251, Health and Safety Code, made by this article do not affect the balance of the Texas Emissions Reduction Plan Account No. 5071 remaining on *September 1, 2019*.

No equivalent provision.

SECTION 1.09. The amendments to Section 386.251, Health and Safety Code, made by this article do not affect the balance of the Texas Emissions Reduction Plan Account No. 5071 remaining on *September 1, 2021*.

No equivalent provision.

No equivalent provision.

SECTION 1.10. This article takes effect September 1, 2021.

ARTICLE 2. FUNDING SOURCES

No equivalent provision.

Same as House version.

SECTION 2.01. Section 151.0515(d), Tax Code, is amended to read as follows:

SECTION 1. Section 151.0515(d), Tax Code, is amended to read as follows:
(d) This section expires *August 31, 2021* [~~2019~~].

SECTION 2.01. Same as House version.

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SENATE VERSION (IE)

CONFERENCE

(d) This section expires on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.02. Section 152.0215(c), Tax Code, is amended to read as follows:

(c) This section expires on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.03. Section 501.138(b-3), Transportation Code, is amended to read as follows:

(b-3) This subsection and Subsection (b-2) expire on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code [August 31, 2019].

SECTION 2.04. Section 502.358(c), Transportation Code, is amended to read as follows:

(c) This section expires on the last day of the state fiscal biennium during which the Texas Commission on Environmental Quality publishes in the Texas Register the

SECTION 2. Section 152.0215(c), Tax Code, is amended to read as follows:

(c) This section expires *August 31, 2021* [2019].

SECTION 3. Section 501.138(b-3), Transportation Code, is amended to read as follows:

(b-3) This subsection and Subsection (b-2) expire *August 31, 2021* [2019].

SECTION 4. Section 502.358(c), Transportation Code, is amended to read as follows:

(c) This section expires *August 31, 2021* [2019].

SECTION 2.02. Same as House version.

SECTION 2.03. Same as House version.

SECTION 2.04. Same as House version.

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notice required by Section 382.037, Health and Safety Code
[~~August 31, 2019~~].

SECTION 2.05. The heading to Section 548.5055, Transportation Code, is amended.

SECTION 2.06. Sections 548.5055(b) and (c), Transportation Code, are amended to read as follows:

(b) The department shall remit fees collected under this section to the comptroller at the time and in the manner prescribed by the comptroller for deposit in the Texas emissions [~~emission~~] reduction plan fund.

(c) This section expires **on the last day of the state fiscal biennium during which the conservation commission publishes in the Texas Register the notice required by Section 382.037, Health and Safety Code** [~~August 31, 2019~~].

SECTION 2.07. Sections 8(a-2) and (b), Chapter 755 (S.B. 1731), Acts of the 85th Legislature, Regular Session, 2017, are repealed.

SECTION 2.08. This article takes effect August 30, 2019.

ARTICLE 3. EFFECTIVE DATE

SECTION 5. Same as House version.

SECTION 6. Sections 548.5055(b) and (c), Transportation Code, are amended to read as follows:

(b) The department shall remit fees collected under this section to the comptroller at the time and in the manner prescribed by the comptroller for deposit in the Texas emissions [~~emission~~] reduction plan fund.

(c) This section expires **August 31, 2021** [~~2019~~].

SECTION 7. Same as House version.

No equivalent provision.

No equivalent provision.

SECTION 2.05. Same as House version.

SECTION 2.06. Same as House version.

SECTION 2.07. Same as House version.

Same as Senate version.

Same as House version.

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HOUSE VERSION

SECTION 3.01. Except as otherwise provided by this Act, this Act takes effect *September 1, 2019*.

SENATE VERSION (IE)

SECTION 8. This Act takes effect *August 30, 2019*.

CONFERENCE

SECTION 3.01. Except as otherwise provided by this Act, this Act takes effect *August 30, 2019*.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 25, 2019

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
 Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: HB3745 by Bell, Cecil (Relating to the Texas emissions reduction plan fund and account.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3745, Conference Committee Report: an impact of \$0 through the biennium ending August 31, 2021; however, there would be an increase of \$537,821,000 in General Revenue-Dedicated Texas Emissions Reduction Plan No. 5071 through the biennium ending August 31, 2021.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2020	\$0
2021	\$0
2022	\$0
2023	\$0
2024	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Texas Emissions Reduction Plan 5071</i>	Probable Revenue Gain/(Loss) from <i>State Highway Fund 6</i>	Probable Revenue Gain/(Loss) from <i>New Trust Fund Outside the Treasury</i>
2020	\$265,295,000	(\$150,826,000)	\$0
2021	\$272,526,000	(\$152,334,000)	\$0
2022	\$0	(\$153,858,000)	\$277,656,000
2023	\$0	(\$155,396,000)	\$282,908,000
2024	\$0	(\$156,950,000)	\$288,287,000

Fiscal Analysis

The bill would extend the sources of funding for the Texas Emissions Reduction Plan (TERP), which are set to expire on August 31, 2019 under current law. The bill would amend the Tax Code to extend fee and surcharge revenues for each active or revoked ozone National Ambient Air Quality Standard (NAAQS) until all areas in Texas have been designated by the Environmental Protection Agency as either in attainment or unclassifiable or the EPA has approved a redesignation substitute making a finding of attainment. This includes continuance of the transfer of State Highway Funds currently deposited to the credit of the General Revenue-Dedicated Texas Emissions Reduction Plan Account No. 5071 (Account No. 5071). The bill would extend deposit of the fees and surcharges to the credit of Account No. 5071 and continue the transfer of State Highway Funds deposited to the credit of Account No. 5071 in an amount equal to the amount deposited to the credit of the Texas Mobility Fund from Vehicle Title Fees until September 1, 2021.

The bill would amend the Health and Safety Code to establish the Texas Emissions Reduction Plan Fund (TERP Fund) as a trust fund to be held by the Comptroller outside of the treasury and administered by the Texas Commission on Environmental Quality (TCEQ) as a trustee effective September 1, 2021. This fund would consist of revenues from fees and surcharges previously deposited to the credit of Account No. 5071, including the transfer of State Highway Funds, and that would subsequently be deposited to the credit of the TERP Fund after September 1, 2021. The bill would authorize monies in the TERP Fund to be expended without legislative appropriation and would direct TCEQ to transfer any remaining unencumbered balances to the TERP Account no later than the 30th day after the last day of the state fiscal biennium.

The bill would designate the existing Account No. 5071 as the Texas Emissions Reduction Plan Account (TERP Account). Under the provisions of the bill, the TERP Account would consist of its accumulated balance and revenues and transfers deposited until September 1, 2021.

The bill would increase the administrative allocation funded from both the TERP Account and the TERP Fund from \$8 to \$16 million each year.

The bill would take effect August 30, 2019.

Methodology

This estimate is based on revenue estimates provided by the Comptroller of Public Accounts for TERP Fund fees and surcharges and on Vehicle Title Fee revenue amounts deposited to the credit of the Texas Mobility Fund as reported in the Biennial Revenue Estimate. These amounts would be deposited to the credit of the Account No. 5071 until September 1, 2021 after which they would be deposited to the credit of the new TERP Fund established under the provisions of the bill.

For the purposes of this analysis, it is assumed that the specified allocations under Section 386.252 of the Health and Safety Code would apply separately to the TERP Fund and TERP Account including the increase in the administrative allotment from \$8.0 to \$16.0 million each year. Based on this assumption and information provided by TCEQ, this analysis assumes that duties and responsibilities associated with implementing the provisions of the bill could be accomplished with existing resources and funds made available for this purpose in the newly established TERP Fund outside the Treasury. In addition, no fiscal impact to state revenues is anticipated from this provision beginning in fiscal year 2022 because no unexpended balances would be deposited to the credit of the TERP Account under the provisions of the bill. Amounts

that would be deposited to the TERP Account in each subsequent biennium cannot be determined because the amount of unencumbered remaining balances in the TERP Fund cannot be estimated.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. The bill would require local and other governmental entities to continue paying the TERP fees relating to heavy-duty motor vehicle sales and use fees when purchasing or leasing heavy-duty vehicles and equipment.

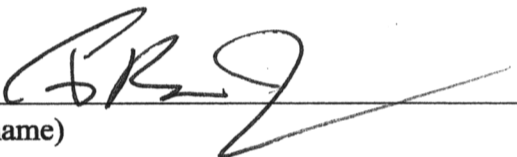
Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: WP, SZ, MW, GDz, PM

**Certification of Compliance with
Rule 13, Section 6(b), House Rules of Procedure**

Rule 13, Section 6(b), House Rules of Procedure, requires a copy of a conference committee report signed by a majority of each committee of the conference to be furnished to each member of the committee in person or, if unable to deliver in person, by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under House Rule 13, Section 10(a). The paper copies of the report submitted to the chief clerk under Rule 13, Section 10(b), must contain a certificate that the requirement of Rule 13, Section 6(b), has been satisfied, and that certificate must be attached to the copy of the report furnished to each member under Rule 13, Section 10(d). Failure to comply with this requirement is not subject to a point of order under Rule 13.

I certify that a copy of the conference committee report on House Bill 3745 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Rule 13, Section 10(b), House Rules of Procedure.


(name)

5-25-19
(date)