

- SUBJECT:** Expanding use of low income vehicle retirement funds
- COMMITTEE:** Environmental Regulation — committee substitute recommended
- VOTE:** 5 ayes — Bonnen, Howard, T. King, Kuempel, W. Smith
0 nays
2 absent — Driver, Homer
- WITNESSES:** For — Ramon Alvarez, Environmental Defense; Anne Culver, Texas Clean Air Working Group; Mike Eastland, North Central Texas Council of Governments; Bee Moorhead, Texas Impact; Shannon Stevenson, North Central Texas Council of Governments; Scheleen Walker, Travis County Commissioners Court; Tod Wickersham, Mobile Emissions Reduction Coalition

Against — None
- BACKGROUND:** Texas operates a vehicle emissions inspection program as part of its State Implementation Plan (SIP) to reduce ground-level ozone emissions to comply with U.S. Environmental Protection Agency (EPA) air quality standards. The program requires emissions testing of vehicles registered in the state's ozone non-attainment areas, classified as such by EPA because they violate federal standards for ground-level ozone. By requiring vehicles in these counties to meet emissions standards, the state earns credit toward emissions reductions required by the SIP.
- The 77th Legislature in 2001 enacted HB 2134 by Chisum, creating the Low Income Vehicle Repair Assistance, Retrofit and Accelerated Vehicle Retirement Program (LIRAP) to provide financial assistance for low-income owners of vehicles that fail the emissions test. Eligible owners are those whose family income is at or below 200 percent of the federal poverty level.
- A vehicle is eligible for LIRAP if it:
- has failed an emissions test within 30 days of applying for the program;

- has been registered in the county for at least two years;
- can be driven under its own power to the emissions inspection station or disposal facility; and
- has passed the vehicle safety inspection.

LIRAP provides up to \$600 to repair or retrofit a vehicle to bring it into compliance with emissions standards. If repair or retrofit is uneconomical, LIRAP provides between \$600 and \$1,000 toward the purchase of a replacement vehicle. HB 2134 directs the Texas Commission on Environmental Quality (TCEQ) to fund LIRAP through a portion of the fee collected for the emissions test.

DIGEST:

CSHB 1611 would create a sub account within the Clean Air Account to receive LIRAP funds from vehicle emissions-related inspection fees not otherwise appropriated. The balance of the sub account would be capped at \$20 million. Funds in the sub account would be used to fund programs that improve air quality.

Use of funds. Unexpended LIRAP money in the sub account of the Clean Air Account would be used to fund the following:

- outreach, education and advertising campaigns to increase public awareness about air quality;
- expansion and enhancement of the AirCheck Texas Repair and Replacement Assistance Program;
- the remote sensing program for determining emissions and notifying the vehicle operator;
- projects to implement TCEQ's smoking vehicle program;
- joint efforts with local law enforcement to reduce use of counterfeit state inspection stickers;
- enhancement of transportation improvements;
- research, development and implementation of air control strategies to help local areas comply with air quality regulations; and
- use of local money to leverage federal money for air quality purposes.

Funding breakdown. No more than 70 percent of the account balance would be appropriated to affected counties. Counties would receive funds in proportion to the vehicle inspection fees collected by a county during the previous year. A maximum of 30 percent of the fund's balance could

be used by TCEQ to give grants to emissions-reducing projects in affected counties. TCEQ could apply the same rules, standards and requirements of its Diesel Emission Reductions Grant program to the grant process for the new sub account.

Pilot program. One million dollars from the sub account would be used to fund a pilot inspection and maintenance program in the Dallas-Fort Worth non-attainment area. Dallas county and its regional planning commission would report the results of the pilot program to TCEQ by December 31, 2007.

LIRAP expansion. CSHB 1611 would change the LIRAP eligibility requirements to include vehicles registered in a county for one year, rather than including only vehicles registered for two years. CSHB 1611 would permit counties that have signed EPA early action compacts, in addition to counties in non-attainment areas, to use excess LIRAP money to fund projects to improve the region's air quality.

CSHB 1611 would remove the 5 percent limit on the portion of LIRAP funds that could be used for administrative costs. Programmatic costs would be defined to include call center management, application oversight, invoice analysis, education, outreach and advertising.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise it would take effect September 1, 2005.

**SUPPORTERS
SAY:**

LIRAP should be expanded because it has proven to be cost effective in the reduction of NOx emissions. Repair costs for the program have averaged about \$450 per vehicle, and the vast majority of vehicles have passed the emissions test again the next year after the original failure. Also, the program has resulted in an average of 70 percent reductions in NOx per vehicle serviced by the program. On-road vehicles contribute significantly to the state's air quality problems, and LIRAP has been shown substantially to reduce NOx emissions from on-road vehicles.

Since the program's inception, LIRAP consistently has brought in much more money than it has spent on assisting low-income vehicle owners. The demand for the program has proven to be much less than the supply of funds for the program. CSHB 1611 not only would expand the number of low-income vehicle owners served by LIRAP funds, but it would also

direct excess LIRAP funds to other programs and strategies effective in reducing emissions.

CSHB 1611 would expand the education, outreach and advertising activities of the LIRAP program, resulting in an increase in the number of vehicles served. For one LIRAP office, a two-month advertising and outreach campaign generated an increase in calls from an average of 150 per week to 400 per week and an increase in applications from 94 per week to 120 per week. An advertising and outreach program with a broader scope would likely yield even more impressive results.

The two-year requirement for participation in LIRAP program unnecessarily excludes vehicles in need of assistance. The councils of governments in both the Dallas-Fort Worth and Houston-Galveston areas have missed the opportunity to repair or replace more than 2,000 dirty vehicles because they had not been registered in a participating county for two years. CSHB 1611 would help a large portion of this missed opportunity be realized by reducing the time frame to one year – which also would be sufficient to prevent abuse of the system.

CSHB 2134 would reduce air pollution and help bring Texas into compliance with federal air quality standards. The EPA recently adopted more stringent air quality standards that are more difficult to attain. Reducing the number of polluting vehicles would help reduce levels of NOx and particulate matter in the air and help Texas comply with the EPA's new eight-hour air quality standard. Failure to comply with federal Clean Air Act standards could result in the loss of much needed federal highway funding or in the imposition of a federally designed air quality program on the state.

CSHB 2134 would provide a source of funding for a pilot program to inspect diesel vehicles in the Dallas-Fort Worth non-attainment area. Diesel engines have been identified as an important element of the SIP because of their contribution to air pollution in the state. The pilot program would help Texas achieve SIP goals by addressing the emissions by diesel engines of fine particulate matter in addition to NOx. If the pilot program were effective in reducing emissions by diesel vehicles, it could be expanded to include more vehicles and implemented in more areas of the state.

The bill would expand programs to repair or retrofit vehicles of low-income owners to bring them into compliance with emissions standards or to replace their vehicles. Low-income people often depend on their vehicles for daily transportation to work but cannot afford to make emissions improvements. The program would help bring these cars into compliance or accelerate their retirement to reduce their contribution to air pollution.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The committee substitute differs from the original bill in that the substitute makes the following changes:

- stipulating that a maximum of 70 percent of unused LIRAP money would be given to counties and a maximum of 30 percent of the funds would go to TCEQ;
- setting a \$20 million cap on the amount of unused LIRAP money used for clean air projects;
- allocating \$1 million for the Dallas-Fort Worth pilot program;
- authorizing counties to contract with regional councils of governments and metropolitan planning organizations to implement LIRAP; and
- removing the 5 percent cap on the use of LIRAP money for administrative costs.