

- SUBJECT:** Revising the clean school bus program
- COMMITTEE:** Environmental Regulation —favorable, without amendment
- VOTE:** 5 ayes — Hancock, Driver, T. King, Kuempel, West
0 nays
2 absent — Bonnen, Lucio
- SENATE VOTE:** On final passage, April 11 — 27-3 (Harris, Jackson, Patrick)
- WITNESSES:** *(On House companion bill, HB 1291 by Hochberg:)*
For — Hazel Barbour, Clean School Bus Program of Central Texas; Bennie McWilliams, American Lung Association of the Central States; Beth O’Brien, Public Citizen; Betin Santos, Environmental Defense; Kyle Ward, Texas PTA (*Registered, but did not testify*: Rebecca Flores, Houston Independent School District; Karen Hadden, Sustainable Energy and Economic Development Coalition; Kelly Haragan, Galveston Houston Association for Smog Prevention; Colin Leyden, Texas League of Conservation Voters; Ruben Longoria, Texas Association of School Boards; Luke Metzger, Environment Texas; Linda Nichols, American Lung Association; Cyrus Reed, Lone Star Chapter of the Sierra Club; Mandi Sheridan Kimball, Children at Risk; Cathy Stephens, Central Texas Clean Air Coalition; Kristi Thibaut, ACORN; Beth Whitehead, Greater Houston Partnership; Julie Williams, Texas Propane Gas Association)

Against — None

On — Michael Vasquez, Texas Conference of Urban Counties; Christina Wisdom, Texas Chemical Council (*Registered, but did not testify*: David Schanbacher, Texas Commission on Environmental Quality; Larry R. Soward, Texas Commission on Environmental Quality)
- BACKGROUND:** **Texas Emissions Reduction Plan (TERP).** The 77th Legislature in 2001 enacted SB 5 by Brown, creating TERP. This set of incentive-based programs is designed to reduce ozone producing emissions enough to satisfy EPA requirements in non-attainment areas without implementing

more stringent regulatory measures. TERP programs earn the state credit in the State Implementation Plan (SIP), the state program from improving air quality, for reducing NO_x. The primary TERP program that counts toward the SIP is the Texas Commission on Environmental Quality's (TCEQ's) Emissions Reductions Incentive Grant (ERIG) program, which provides grants to reduce NO_x emissions from high-emissions diesel sources in affected counties.

Clean School Bus Program. HB 4369 by Hochberg, enacted by the 79th Legislature, created the clean school bus program that operates with the objective of reducing children's exposure to diesel exhaust from school buses. The program provides grants for projects designed to reduce emissions of diesel exhaust. Grant recipients use clean school bus grant money to fund non-administrative costs of projects to reduce school bus emissions only.

Eligible projects. The following types of projects are eligible for grants from the clean school bus program:

- diesel oxidation catalysts for school buses built before 1994;
- diesel particulate filters for school buses built from 1994-1998;
- emission-reducing, add-on equipment for school buses, including devices that reduce crankcase emissions;
- the use of alternative fuels or fuel additives that reduce particulate emissions; and
- other technologies that result in significant emissions reductions.

Eligible applicants. Any Texas school district with at least one diesel fueled school bus is eligible to apply for grants under the program. Countywide school districts that provide transportation systems also may apply for clean school bus grants. TCEQ may establish, review, and modify the eligibility requirements of the program to include more potential applicants. To receive grants for retrofit technology, school buses must have at least five years of life remaining or the school district must agree to use the retrofit device on another bus after the first bus no longer is being used.

Funding. By law, no more than 4 percent of money in TERP Account No. 5071 may be allocated for the clean school bus program. Additional funding can be allocated to the program if money remains in the account after allocating funding to meet SIP requirements or if the amount of

money deposited to the account exceeds the amount estimated by the comptroller.

The clean school bus program received no funding in fiscal 2006-07.

DIGEST:

SB 529 would modify the type of projects considered for a grant under the clean school bus program. The following projects would be eligible for grant funding:

- diesel particulate filters for school buses built from 2000-2006;
- closed crankcase filtration systems that eliminate diesel exhaust emitted from the engine crankcase on school buses built from 1992-2006;
- purchase and use of other add-on equipment for school buses, verified as effective in reducing emissions by the U.S. Environmental Protection Agency or the California Air Resources Board;
- replacement of school buses built before 1994 that would not otherwise be replaced before September 1, 2011; and
- other technologies that result in significant emissions reductions, as determined by TCEQ

The bill would eliminate restrictions on the use of certain funds for the clean school bus program. The requirement that no more than 4 percent of money in TERP Account No. 5071 can be used to the clean school bus program would be removed. The bill also would eliminate the requirement that more than 4 percent of money in this account could be allocated to the program only if money remained after funding was allocated to meet SIP requirements or if money deposited to this account exceeded the amount estimated by the comptroller.

SB 529 would establish certain standards for the issuance of grants. Over the next biennium, preference would be given to grants for the installation of closed crankcase filtration systems on all eligible school buses and for the installation of diesel particulate filters on the oldest eligible school buses. A grant's value could not exceed 50 percent of the replacement cost for each school bus being replaced. TCEQ would consider reasonable school bus replacement schedules in consultation with Texas Education Agency when determining whether a school bus otherwise would be replaced before 2011.

Entities that could apply for and receive a grant under the program would include:

- a school district in Texas that operated one or more diesel-fueled school buses;
- a transportation system provided by a countywide school district; and
- an entity providing school bus service under a contract with a school district or with the parents of school children enrolled in public school and who rode the entity's buses.

A regional education service center also would be included as an entity that could receive a grant to improve the program's ability to achieve its goals, following guidelines set by TCEQ.

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, 2007.

**SUPPORTERS
SAY:**

The worst place to breathe in Texas is inside a school bus, where diesel exhaust levels are five times greater than outside. More than 95 percent of Texas' 35,000 school buses are diesel-powered and spew toxic substances, smog-forming emissions, and fine particulate matter that becomes trapped in school bus cabins. Studies have linked such substances to lung cancer, asthma, and other respiratory ailments. Children are particularly vulnerable to the unhealthy consequences of exposure to diesel emissions, fine particulates, and other toxics inhaled on school buses. Such damage to a child's health may be irreversible. With more than 2 million children across the state being transported by school buses, future health care costs to the state will rise if hazardous breathing conditions on school buses remain unaddressed.

A child's exposure to diesel emissions can easily be reduced through the replacement and retrofit of school buses. By updating legislation enacted by the 79th Legislature, SB 529 would include the development of new technology to enable the state to clean up the school bus fleet in a more cost-effective manner. The bill's inclusion of priorities for grant disbursement further would ensure that program funding led to the greatest gains for the state's school children.

The clean school bus program currently represents an unfunded mandate, with no money allocated to the program in the last biennium. Estimates range from \$60 million to \$90 million in terms of the amount of funding needed to retrofit or replace public school buses in Texas. Such estimates are a minimal price to pay to better protect the health of Texas school children. SB 529 would not mandate additional funding for the program. Instead, current restrictions on funding would be repealed. A great deal of money in TERP fund remains unspent. If not spent on TERP grants, this money should be allocated to the clean school bus program.

**OPPONENTS
SAY:**

Texas must make a concerted effort to comply with SIP requirements in order to avoid the loss of federal funding resulting from non-compliance with federal air standards. As a result, money from the TERP account should not be allocated to the clean school bus program but should be used exclusively to meet SIP requirements.

**OTHER
OPPONENTS
SAY:**

Some school districts have the financial capacity to replace or retrofit school buses without receipt of this subsidy. Grants should not be disbursed to these school districts, but should be concentrated on those who need state assistance.

NOTES:

The House companion bill, HB 1291 by Hochberg, was considered by the Environmental Regulation Committee on April 10.