

SUBJECT: Requiring the purchase or lease of state vehicles using alternative fuels

COMMITTEE: Energy Resources — favorable, without amendment

VOTE: 8 ayes — Keffer, Crabb, Craddick, Farabee, Gonzalez Toureilles,
Hardcastle, Rios Ybarra, Strama

0 nays

1 absent — Crownover

WITNESSES: For — Curtis Donaldson, Clean Fuel USA; Ken Nicholson, Clean Energy; Cyrus Reed, Lone Star Chapter, Sierra Club; (*Registered, but did not testify*: Bill Clinkscale, Texas Propane Gas Association; Gary Compton, Pioneer Natural Resources; June Deadrick, CenterPoint Energy; Gardner Pate, EOG Resources; Susan Ross, Texas Renewable Energy Industries Association; Bill Von Hoy, Texas Propane Gas Association; Julie Wilson, Chesapeake Energy; Mance Zachary, Luminant)

Against — None

BACKGROUND: Under Government Code, ch. 2158, state agencies are prohibited from purchasing vehicles unless they are capable of using alternative fuel.

DIGEST: HB 1467 would amend the Government Code to prohibit state agencies from purchasing or leasing vehicles unless the vehicles used the following fuels: compressed natural gas; liquefied natural gas; liquefied petroleum gas; methanol or methanol/gasoline blends of 85 percent (E85) or more; or electricity.

This fuel requirement would apply to state agencies that purchase or lease vehicles over a certain size or engine power for the transportation of passengers and to state agencies with a vehicle fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles. The agencies would be required to have 50 percent of their fleet using the approved alternative fuels by September 30, 2010.

A vehicle would have to use alternative fuel 80 percent of the time for it to be considered using an alternative fuel.

A state agency would be required to describe the availability of the required fuels in its annual financial report to the Legislature.

The comptroller, rather than the Texas Commission on Environmental Quality, would be able to make modifications to the requirements if an agency was unable to obtain adequate equipment or refueling.

The bill would take effect September 1, 2009.

**SUPPORTERS
SAY:**

HB 1467 would clarify the language surrounding the qualifying use of alternative fuel vehicles by state agencies. Alternative fuel vehicles can provide numerous environmental benefits, as well as promote energy security and economic diversification.

Alternative fuel vehicles often are more expensive initially, but result in lower fuel costs over the life of the vehicle, making them fiscally responsible purchases. Existing law does not require alternative fuel use in relation to total drive time, which results in higher cost vehicles that do not save any money on long term fuel costs. HB 1467 would establish minimum usage requirements, so the state could ensure utilization of alternative fuels.

HB 1467 would help provide a steady demand for alternative fuels. This would encourage development of infrastructure necessary for future transitions between fuel sources if prices fluctuate. HB 1467 would provide flexibility to state agencies by giving a number of choices for alternative fuel, including electricity. The bill also would give the comptroller the discretion to make adjustments to the requirements if equipment or fuel was not readily available.

**OPPONENTS
SAY:**

Alternative fuel vehicles would not save money, due to high purchase and lease prices of new vehicles and the high conversion costs of vehicles already in the fleet. Also, there may be warranty issues if converting vehicles to accept alternative fuels.

A lack of readily-available alternative fuel makes this requirement unfeasible. There are currently state agencies with vehicles capable of using alternative fuels that are continuing to fill them with regular gasoline because of a lack of alternative fuel stations.

NOTES:

A related bill, HB 432 by Lucio, which would require the purchase of low-emissions vehicles by state agencies, passed to engrossment on April 23.

According to the fiscal note, the Texas Youth Commission reported that the capital cost to convert 26 vehicles, combined with the potential fuel savings would result in a cost of about \$100,000 per year from fiscal year 2010-2014. The Texas Department of Criminal Justice estimates it would cost \$645,000 to convert at least 50 percent of its fleet to alternative fuel use.