

SUBJECT: Eligibility for the low-income vehicle repair assistance program

COMMITTEE: Environmental Regulation — favorable, without amendment

VOTE: 7 ayes — W. Smith, Farrar, Aliseda, Burnam, Chisum, Legler, Lyne

0 nays

2 absent — Hancock, Reynolds

WITNESSES: For — Jim Quinten, Automotive Parts and Service Association; Shannon Stevenson, North Central Texas Council of Governments; (*Registered, but did not testify*: Laura Blackburn, League of Women Voters of Texas; Karen Hadden, Sustainable Energy and Economic Development (SEED) Coalition; Adam Haynes, Chesapeake Energy; Max Jones, Travis County Commissioners Court; Mike Krusee, General Motors Corp., Ilan Levin, Environmental Integrity Project; Luke Metzger, Environment Texas; Stephen Minick, Texas Association of Business; Matt Phillips, The Nature Conservancy of Texas; Mari Ruckel, Texas Oil and Gas Association; Tom “Smitty” Smith, Public Citizen; Greg Talley, Plug in Texas; David Weinberg, Texas League of Conservation Voters)

Against — None

BACKGROUND: The Texas Commission on Environmental Quality (TCEQ) administers a financial assistance and incentive program for qualified owners of vehicles that fail the emissions test or whose vehicles are at least 10 years old. The program, called AirCheckTexas Drive a Clean Machine, is also known as the Low-income Repair Assistance Program (LIRAP). It is a repair and replacement program that applies in participating counties in areas of Texas with vehicle inspection and maintenance programs.

A vehicle is eligible for *repair* under LIRAP if it:

- failed an emissions test within 30 days of the application;
- is registered in a program area for the 12 consecutive months before the application; and

- passed the safety portion of the DPS motor-vehicle safety and emissions inspection and was driven under its own power to the inspection station.

Eligible vehicles can receive up to \$600 for emissions-related repairs or retrofits performed at participating Texas Department of Public Safety-recognized emissions repair facilities, including diagnostics performed on the vehicle.

A vehicle is eligible for *replacement* under LIRAP if it:

- failed an emissions test or is at least 10 years old and is gasoline powered;
- is registered in a participating county area for the 12 consecutive months before the application; and
- passed a Texas motor-vehicle safety and emissions inspection within 15 months of the application and was driven under its own power to the automobile dealership.

Eligible participants may receive \$3,000 to \$3,500 for the purchase of a vehicle that falls within the federal emissions-based designation of Tier 2, Bin 5 or cleaner.

DIGEST:

HB 3272 would amend Health and Safety Code provisions governing the Low-income Repair Assistance Program (LIRAP) by requiring that an eligible vehicle be registered in the participating county for at least 12 of the 15 months preceding an application, rather than for the 12 months preceding an application.

The bill would establish \$3,500 as the maximum amount toward the purchase price of a replacement hybrid, electric, or natural gas vehicle of the current or previous three model years or of a vehicle that had been certified to meet federal Tier 2, Bin 3 or a cleaner Bin certification.

A replacement vehicle would have to have an odometer reading of not more than 60,000 miles. The bill also would increase the limit on the value of a replacement vehicle from \$25,000 to \$35,000.

The Texas Commission on Environmental Quality (TCEQ) would have to establish a partnership with representatives of the steel industry,

automobile dismantlers, and the scrap metal recycling industry to ensure that retired vehicles were scrapped or recycled and proof was provided.

TCEQ would have to adopt rules providing a procedure for certifying that emissions equipment and vehicle engines had been scrapped or recycled.

This bill would take effect September 1, 2011.

**SUPPORTERS
SAY:**

HB 3272 would fine-tune an already successful program for reducing emissions from cars and trucks. The Low-income Repair Assistance Program (LIRAP) helps nonattainment and near-nonattainment areas get high-polluting vehicles off the road.

Offering people help through LIRAP with repairs or replacement vehicles is a tool the state has for dealing with emissions from older vehicles. Low-income families are more likely to have older cars with higher emissions and less likely to be in a position to repair or replace vehicles with emissions problems. Without the assistance of LIRAP, many may simply continue driving high-polluting vehicles, making it that much harder for the state to reduce overall emissions and achieve attainment of federal ozone standards.

HB 3272 would require that an eligible vehicle be registered in the participating county for at least 12 of the 15 months preceding an application, rather than for 12 consecutive months preceding an application, eliminating a category of denials based on a technicality. For example, if someone registers a vehicle at the grocery store on the day it is due, it can take several days to process the registration. By the time it is processed, it may technically be late, disqualifying that person from LIRAP eligibility. This change also would provide language consistent with the inspection requirement, and it would reduce some administrative costs of having to process denials.

HB 3272 also would open up eligibility to cleaner replacement vehicles. Current law provides the higher \$3,500 replacement assistance only for hybrids, but the bill would add electric cars, natural gas vehicles, and vehicles with a federal emissions-based designation of Tier 2, Bin 3 or cleaner. This would allow for inclusion of new technologies as they became available and provide more options for participants. The bill also would extend the incentive to the past three model years, increasing the

emissions benefit. A three-year-old hybrid is likely cleaner than a new pickup truck.

The bill also would increase the maximum sales price for replacement vehicles from \$25,000 to \$35,000. This would make many more vehicles eligible for the program, including new hybrid or electric vehicles. It also would provide more options for special needs drivers.

HB 3272 would place a mileage limitation on replacement vehicles, which would lower future emissions failure rates for those vehicles. The emissions inspection failure rate for replacement vehicle with mileage over 60,000 is 210 percent. This change would help maintain the integrity of the program.

**OPPONENTS
SAY:**

Although HB 3272 would provide some flexibility in terms of what replacement vehicles could qualify under LIRAP, it is unlikely that the sector of the population toward which this program is geared would have the opportunity to take advantage of some of the enhancements the bill would provide. For example, a vehicle valued up to \$35,000 would be unrealistic to many qualified low-income people, even with \$3,500 toward a down payment.

NOTES:

According to the fiscal note, although the bill would make changes to the types of vehicles eligible for LIRAP grant funding, no significant fiscal implication is expected.