

## **BILL ANALYSIS**

Senate Research Center

S.B. 1759  
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Transportation & Homeland Security  
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Enrolled

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, registrations for every vehicle must be completed on an annual basis on the anniversary date of the last sticker purchase. A company with a fleet of 12,000 vehicles in Texas must complete registration renewals on a monthly basis throughout the calendar year in volumes of approximately 500 to 1,600 vehicles per month.

S.B. 1759 requires the Texas Department of Transportation to develop and implement a system of registration to allow an owner of a commercial vehicle fleet to register a vehicle in the commercial fleet for an extended registration period of not less than one year or more than eight years.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Department of Transportation in SECTION 2 (Section 502.0023, Transportation Code) of this bill.

Rulemaking authority is expressly granted to the Texas Commission on Environmental Quality in SECTION 5 (Section 391.005, Health and Safety Code) of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 502.001, Transportation Code, by adding Subdivision (1-a), to define "commercial fleet."

SECTION 2. Amends Subchapter A, Chapter 502, Transportation Code, by adding Section 502.0023, as follows:

Sec. 502.0023. EXTENDED REGISTRATION OF COMMERCIAL FLEET MOTOR VEHICLES. (a) Requires the Texas Department of Transportation (TxDOT), notwithstanding Section 502.158(c) (relating to designating a registration period of less than 12 months), to develop and implement a system of registration to allow an owner of a commercial fleet to register the motor vehicles in the commercial fleet for an extended registration period of not less than one year or more than eight years. Authorizes the owner to select the number of years for registration under this section within that range and register the commercial fleet for that period. Provides that payment for all registration fees for the entire registration period selected is due at the time of registration.

(b) Requires that a system of extended registration under this section allow the owner of a commercial fleet to register an entire commercial fleet in the county of the owner's residence or principal place of business or the motor vehicles in a commercial fleet that are operated most regularly in the same county.

(c) Requires an owner registering a commercial fleet under this section, in addition to the registration fees prescribed by Subchapter D (Registration Procedures and Fees), to pay an annual commercial fleet registration fee of \$10 per motor vehicle in the fleet and, except as provided by Subsection (e), a one-time license plate manufacturing fee of \$1.50 for each fleet motor vehicle license plate.

(d) Authorizes a license plate issued under this section, on request of the owner, to include the name or logo of the business entity that owns the vehicle; requires a license plate issued under this section to include the expiration date of the registration period; and provides that a license plate issued under this section does not require an annual registration insignia to be valid.

(e) Requires an owner registering a commercial fleet under this section, in addition to all other applicable registration fees, to pay a one-time license plate manufacturing fee of \$8 for each set of plates issued that includes on the legend the name or logo of the business entity that owns the vehicle instead of the fee imposed by Subsection (c)(2) (relating to a one-time license plate manufacturing fee of \$1.50 for each fleet motor plate).

(f) Requires TxDOT, if a motor vehicle registered under this section has a gross weight in excess of 10,000 pounds, to also issue a registration card for the vehicle that is valid for the selected registration period.

(g) Requires TxDOT to adopt rules to implement this section, including rules on suspension from the commercial fleet program for failure to comply with this section or rules adopted under this section.

(h) Requires TxDOT and the counties in their budgeting processes to consider any temporary increases and resulting decreases in revenue that will result from the use of the process provided under this section.

SECTION 3. Amends Section 501.0234(b), Transportation Code, to provide that this section does not apply to a certain motor vehicle, including a motor vehicle purchased by a commercial fleet buyer who is a full-service deputy under Section 502.114 (Full-Service Deputies) and who utilizes the dealer title application process developed to provide a method to submit title transactions to the county in which the commercial fleet buyer is a full-service deputy.

SECTION 4. Amends Section 386.252, Health and Safety Code, by amending Subsection (a) and adding Subsection (d), as follows:

(a) Authorizes money in the fund to be used only to implement and administer programs established under the plan and is required to be allocated for the diesel emissions reduction incentive program, 87.5 percent of the money in the fund, of which not more than four percent may be used for the clean school bus program, requires five percent to be used for the clean fleet program, and authorizes not more than 10 percent to be used for on-road diesel purchase or lease incentives.

(d) Authorizes TxDOT to allocate unexpended money designated for the clean fleet program to other programs described under Subsection (a) after TxDOT allocates money to recipients under the clean fleet program.

SECTION 5. Amends Subtitle C, Title 5, Health and Safety Code, by adding Chapter 391, as follows:

#### CHAPTER 391. TEXAS CLEAN FLEET PROGRAM

Sec. 391.001. DEFINITIONS. Defines "alternative fuel," "commission," "golf cart," "hybrid vehicle," "incremental cost," "light-duty motor vehicle," "motor vehicle," "neighborhood electric vehicle," and "program."

Sec. 391.002. PROGRAM. (a) Requires the Texas Commission on Environmental Quality (TCEQ) to establish and administer the Texas clean fleet program (program) to encourage a person that has a fleet of diesel-powered vehicles to replace them with alternative fuel or hybrid vehicles. Requires TCEQ, under the program, to provide grants for eligible projects to offset the incremental cost of projects for fleet owners.

(b) Provides that an entity that places 25 or more qualifying vehicles in service for use entirely in this state during a calendar year is eligible to participate in the program.

Sec. 391.003. QUALIFYING VEHICLES. (a) Provides that a vehicle is a qualifying vehicle that may be considered for a grant under the program if during the calendar year the entity purchases a new on-road vehicle that is certified to current federal emissions standards, replaces a diesel-powered on-road vehicle of the same weight classification and use, and is a hybrid vehicle or fueled by an alternative fuel.

(b) Provides that a vehicle is not a qualifying vehicle if the vehicle is a neighborhood electric vehicle, has been used as a qualifying vehicle to qualify for a grant under this chapter for a previous reporting period or by another entity, or has qualified for a similar grant or tax credit in another jurisdiction.

Sec. 391.004. APPLICATION FOR GRANT. (a) Authorizes an entity operating in this state that operates a fleet of at least 100 vehicles to apply for and receive a grant under the program.

(b) Authorizes TCEQ to adopt guidelines to allow a regional planning commission, council of governments, or similar regional planning agency created under Chapter 391 (Regional Planning Commissions), Local Government Code, or a private nonprofit organization to apply for and receive a grant to improve the ability of the program to achieve its goals.

(c) Requires that an application for a grant under this chapter be made on a form provided by the commission and contain the information required by the commission.

Sec. 391.005. ELIGIBILITY OF PROJECTS FOR GRANTS. (a) Requires TCEQ by rule to establish criteria for prioritizing projects eligible to receive grants under this chapter. Requires TCEQ to review and revise the criteria as appropriate.

(b) Provides that a project, to be eligible for a grant under the program, is required to:

(1) result in a reduction in emissions of nitrogen oxides or other pollutants, as established by TCEQ, of at least 25 percent, based on the baseline emission level set by TCEQ under Subsection (g) and the certified emission rate of the new vehicle; and

(2) replace a vehicle that is an on-road vehicle that has been owned, registered, and operated by the applicant in Texas for at least the two years immediately preceding the submission of a grant application, satisfies any minimum average annual mileage or fuel usage requirements established by TCEQ, satisfies any minimum percentage of annual usage requirements established by TCEQ, and is in operating condition and has at least two years of remaining useful life, as determined in accordance with criteria established by TCEQ.

(c) Requires that the qualifying vehicle, as a condition of receiving a grant, be continuously owned, registered, and operated in the state by the grant recipient for at least five years from the date of reimbursement of the grant-funded expenses. Requires that not less than 75 percent of the annual use of the qualifying vehicle, either mileage or fuel use as determined by TCEQ, occur in the state.

(d) Requires TCEQ to include and enforce the usage provisions in the grant contracts. Requires TCEQ to monitor compliance with the ownership and usage requirements, including submission of reports on at least an annual basis, or more frequently as determined by TCEQ.

(e) Authorizes TCEQ by contract to require the return of all or a portion of grant funds for a grant recipient's noncompliance with the usage and percentage of use requirements under this section.

(f) Requires that a vehicle or engine replaced under this program be rendered permanently inoperable by crushing the vehicle or making a hole in the engine block and permanently destroying the frame of the vehicle. Requires TCEQ to establish criteria for ensuring the permanent destruction of the engine and vehicle. Requires TCEQ to monitor and enforce the destruction requirements.

(g) Requires TCEQ to establish baseline emission levels for emissions of nitrogen oxides for on-road vehicles being replaced. Authorizes TCEQ to consider and establish baseline emission rates for additional pollutants of concern, as determined by TCEQ.

(h) Authorizes mileage requirements established by TCEQ under Subsection (b)(2)(B) (relating to replacing a vehicle that has at least two years of remaining useful life) to differ by vehicle weight categories and type of use.

Sec. 391.006. RESTRICTION ON USE OF GRANT. Requires a recipient of a grant under this chapter to use the grant to pay the incremental costs of the project for which the grant is made, which may include the initial cost of the alternative fuel vehicle and the reasonable and necessary expenses incurred for the labor needed to install emissions-reducing equipment. Prohibits the recipient from using the grant to pay the recipient's administrative expenses.

Sec. 391.007. AMOUNT OF GRANT. (a) Sets forth the amount TCEQ is required to award for each vehicle being replaced.

(b) Authorizes TCEQ to revise the standards for determining grant amounts, as needed to reflect changes to federal emission standards and decisions on pollutants of concern.

Sec. 391.008. EXPIRATION. Provides that this chapter expires August 31, 2017.

SECTION 6. (a) Defines "alternative fuel" and "commission" in this section.

(b) Requires TCEQ to conduct an alternative fueling facilities study to assess the correlation between the installation of fueling facilities in nonattainment areas and the deployment of fleet vehicles that use alternative fuels and determine the emissions reductions achieved from replacing a diesel-powered engine with an engine utilizing alternative fuels.

(c) Requires TCEQ, from the emissions reductions determined under Subsection (b) of this section, to determine the amount of emissions reductions that are fairly attributable to the installation of an alternative fuel fueling facility and the combustion of the alternative fuel in the vehicles fueled by the alternative fuel fueling facility.

(d) Requires TCEQ, in connection with the study conducted under this section, to seek approval for credit in the state implementation plan from the United States Environmental Protection Agency for emissions reductions that can be directly attributed to an alternative fuel fueling facility and achieved as a consequence of an alternative fuel fueling facility encouraging the use of alternatively fueled vehicles.

(e) Requires TCEQ to include in TCEQ's biennial report to the legislature the findings of the study conducted under this section and the status of the discussions with the United States Environmental Protection Agency regarding credit for emissions reductions in the state implementation plan which can be achieved as a result of the installation of alternative fuel fueling facilities.

(f) Provides that this section expires August 31, 2011.

SECTION 7. Repealer: Section 502.0022 (Consolidated Registration of Fleet Vehicles), Transportation Code.

SECTION 8. (a) Requires TxDOT to adopt rules and establish the system required under Section 502.0023, Transportation Code, as added by this Act, not later than January 1, 2010.

(b) Requires TCEQ to adopt rules under Section 391.005, Health and Safety Code, as added by this Act, as soon as practicable after the effective date of this Act.

SECTION 9. Effective date: September 1, 2009.