

BILL ANALYSIS

Senate Research Center
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S.B. 1275
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Natural Resources
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The legislation adds additional vehicle eligibility to an original Texas Emissions Reduction Plan (TERP) statute element to fund a limited, short-term grant program for Texas consumers purchasing the “next generation” of advanced, clean technology light-duty passenger vehicles.

The successful commercialization of alternative transportation fuels such as natural gas, propane, and plug-in electric vehicles is crucial for improving the environmental performance of the light-duty vehicle fleet in Texas, reducing greenhouse gas emissions and petroleum dependence, and achieving Texas’s environmental objectives.

Alternative-fueled vehicles help improve statewide air quality measures dramatically and they use Texas-produced, domestic fuels. According to the Texas Commission on Environmental Quality (TCEQ), the primary source (54 percent) of NO_x is mobile emissions (on-road, off-road, and non-road engines). Several Texas counties have become United States Environmental Protection Agency nonattainment areas and require pollution reduction plans. Natural gas, propane, and electric vehicles can play an important role in reducing tailpipe emissions in these nonattainment areas. Cleaner vehicles are important to all citizens of this state.

S.B. 1275 appropriates funds to the Light Duty Motor Vehicle Program within TERP. TERP is a dedicated fund administered by TCEQ with fees generated from several sources including statewide vehicle title fees and additional title fees from vehicle registrations in the state’s counties in non-attainment areas. When created in 2001 by the legislature, the TERP program was envisioned to use voluntary incentives to help with mobile and stationary sources of pollution.

Millions of Texas light-duty motor vehicle owners—both urban and rural drivers—are paying into this program for clean air and this bill makes eligible, for a limited two-year program, incentive grants to spur adoption of alternative-fueled vehicles which is central to TERP’s purpose. The bill caps payments at 2,000 vehicles in the next biennium.

As proposed, S.B. 1275 amends current law relating to the Texas Emissions Reduction Plan motor vehicle purchase or lease incentive program.

[**Note:** While the statutory reference in this bill is to the Texas Natural Resource Conservation Commission (TNRCC), the following amendments affect the Texas Commission on Environmental Quality, as the successor agency to TNRCC.]

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Natural Resource Conservation Commission in SECTION 2 (Section 386.153, Health and Safety Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 386.152(b), Health and Safety Code, as follows:

- (b) Requires the diesel emissions reduction incentive program established under this subchapter (program) to authorize statewide incentives for the purchase or lease of new

light-duty motor vehicles powered by compressed natural gas, liquefied petroleum gas, or electric drives for a purchaser or lessee who agrees to register the vehicle in this state and to operate the vehicle in this state for not less than 75 percent of the vehicle's annual mileage.

Deletes existing text requiring the program to authorize statewide incentives for the purchase or lease, according to the schedule provided by Section 386.153, of new light-duty motor vehicles that are certified by the United States Environmental Protection Agency to meet an emissions standard that is at least as stringent as those provided by Section 386.153 for a purchaser or lessee who agrees to register the vehicle in this state and to operate the vehicle in this state for not less than 75 percent of the vehicle's annual mileage.

SECTION 2. Amends Section 386.153, Health and Safety Code, as follows:

Sec. 386.153. New heading: LIGHT-DUTY MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE REQUIREMENTS. (a) Provides that a new light-duty motor vehicle powered by compressed natural gas or liquefied petroleum gas is eligible for a \$2,500 incentive if the vehicle:

(1) has four wheels;

(2) was originally manufactured to comply with and has been certified by an original equipment manufacturer or intermediate or final state vehicle manufacturer as complying with, or has been altered to comply with, federal motor vehicle safety standards, state emissions regulations, and any additional state regulations applicable to vehicles powered by compressed natural gas or liquefied petroleum gas;

(3) was manufactured for use primarily on public streets, roads, and highways;

(4) is rated at not more than 9,600 pounds unloaded gross vehicle weight;

(5) has a dedicated or bi-fuel compressed natural gas or liquefied petroleum gas fuel system with a range of at least 125 miles as estimated, published, and updated by the United States Environmental Protection Agency;

(6) has, as applicable, a compressed natural gas fuel system that complies with the 2013 NFPA 52 Gaseous Fuel Vehicular Systems Code; and American National Standard for Basic Requirements for Compressed Natural Gas Vehicle (NGV) Fuel Containers, commonly cited as "ANSI/CSA NGV2" or liquefied petroleum gas fuel system that complies with the 2011 NFPA 58 Liquefied Petroleum Gas Code and Section VII of the 2013 ASME Boiler and Pressure Vessel Code; and

(7) was acquired on or after January 1, 2013, by the person applying for the incentive under this subsection and for use or lease by that person and not for resale.

(b) Authorizes the Texas Natural Resource Conservation Commission (TNRCC), if TNRCC determines that an updated version of a code or standard described by Subdivision (a)(6) is more stringent than the version of the code or standard described by Subdivision (a)(6), by rule to provide that a vehicle for which a person applies for an incentive under Subsection (a) is eligible for the incentive only if the vehicle complies with the updated version of the code or standard.

(b-1) Provides that the incentive under Subsection (a) is limited to 2,000 vehicles for the state fiscal biennium beginning September 1, 2013. Provides that this subsection expires September 1, 2015.

(c) Provides that a new light-duty motor vehicle powered by electric drive is eligible for a \$2,500 incentive if the vehicle:

- (1) has four wheels;
- (2) was manufactured for use primarily on public streets, roads, and highways;
- (3) has not been modified from the original manufacturer's specifications;
- (4) is rated at not more than 8,500 pounds unloaded gross vehicle weight;
- (5) has a maximum speed capability of at least 55 miles per hour;
- (6) is propelled to a significant extent by an electric motor that draws electricity from a battery that has a capacity of not less than four kilowatt hours and is capable of being recharged from an external source of electricity; and
- (7) was acquired on or after January 1, 2013, by the person applying for the incentive under this subsection and for use or lease by that person and not for resale.

(d) Provides that the incentive under Subsection (c) is limited to 2,000 vehicles for the state fiscal biennium beginning September 1, 2013. Provides that this subsection expires September 1, 2015.

Deletes existing text providing that a new light-duty motor vehicle is eligible for an incentive according to certain incentive emissions standards and incentive amounts.

SECTION 3. Amends Section 386.156(a), Health and Safety Code, as follows:

(a) Requires TNRCC, on August 1 each year, to publish and provide to the comptroller of public accounts of the State of Texas (comptroller) a list of new model motor vehicles eligible for inclusion in an incentive under this subchapter, rather than a list of the new model motor vehicles as listed for TNRCC under Section 386.155 (Manufacturer's Report). Requires TNRCC to publish and provide to the comptroller supplements to that list as necessary to include additional new vehicle models. Deletes existing text requiring TNRCC to publish and provide to the comptroller supplements to that list as necessary to include additional new vehicle models listed in a supplement to the original list provided by a manufacturer under Section 386.155.

SECTION 4. Amends Section 386.158(a), Health and Safety Code, as follows:

(a) Provides that a person who purchases or leases a new light-duty motor vehicle described by Section 386.153 and listed under Section 386.156(a) is eligible to apply for an incentive under this subchapter. Deletes existing text providing that a person who purchases or leases a new light-duty motor vehicle that has been listed under Section 386.155 is eligible for an incentive under this subchapter.

SECTION 5. Repealers: Sections 386.151(1) (defining "bin" or "emissions bin"), 386.154 (Modification of Incentive Emissions Standards), and 386.155 (Manufacturer's Report), Health and Safety Code.

SECTION 6. Effective date: September 1, 2013.