

SENATE AMENDMENTS

2nd Printing

By: Lucio III, Anchia, Strama, Leibowitz,
et al.

H.B. No. 432

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the acquisition by state agencies of low-emissions
3 vehicles and vehicles using alternative fuels.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2158.003(a), Government Code, is amended
6 to read as follows:

7 (a) A state agency may not purchase or lease a vehicle
8 designed or used primarily for the transportation of individuals,
9 including a station wagon, that has a wheelbase longer than 113
10 inches or that has more than 160 SAE net horsepower. The vehicle
11 may have a wheelbase of up to 116 inches or SAE net horsepower of up
12 to 280 if the vehicle will be converted so that it uses [~~is capable~~
13 ~~of using~~] compressed natural gas, liquefied natural gas, liquefied
14 petroleum gas, methanol or methanol/gasoline blends of 85 percent
15 or greater, ethanol or ethanol/gasoline blends of 85 percent or
16 greater, or electricity. This exception to the wheelbase and
17 horsepower limitations applies to a state agency regardless of the
18 size of the agency's vehicle fleet.

19 SECTION 2. Section 2158.004(a), Government Code, is amended
20 to read as follows:

21 (a) A state agency operating a fleet of more than 15
22 vehicles, excluding law enforcement and emergency vehicles, may not
23 purchase or lease a motor vehicle unless that vehicle uses [~~is~~
24 ~~capable of using~~] compressed natural gas, liquefied natural gas,

1 liquefied petroleum gas, methanol or methanol/gasoline blends of 85
2 percent or greater, ethanol or ethanol/gasoline blends of 85
3 percent or greater, or electricity.

4 SECTION 3. Section 2158.005, Government Code, is amended to
5 read as follows:

6 Sec. 2158.005. PERCENTAGE REQUIREMENTS FOR VEHICLES
7 ~~[CAPABLE OF]~~ USING ALTERNATIVE FUELS ~~[, PROGRAM REVIEW]~~. (a) Not
8 later than September 30, 2010 ~~[1, 1996]~~, a state agency that
9 operates a fleet of more than 15 motor vehicles, excluding law
10 enforcement and emergency vehicles, shall have a fleet consisting
11 of vehicles of which at least 50 percent use ~~[are capable of using]~~
12 compressed natural gas, liquefied natural gas, liquefied petroleum
13 gas, methanol or methanol/gasoline blends of 85 percent or greater,
14 ethanol or ethanol/gasoline blends of 85 percent or greater, or
15 electricity.

16 (b) ~~[The Texas Natural Resource Conservation Commission~~
17 ~~shall review the program established by this subchapter by December~~
18 ~~31, 1996. If the Texas Natural Resource Conservation Commission~~
19 ~~determines that the program has been effective in reducing total~~
20 ~~annual emissions from motor vehicles in the area, then after August~~
21 ~~31, 1998, a state agency operating a fleet of more than 15 motor~~
22 ~~vehicles shall have a fleet consisting of vehicles of which at least~~
23 ~~90 percent are capable of using compressed natural gas, liquefied~~
24 ~~natural gas, liquefied petroleum gas, methanol or~~
25 ~~methanol/gasoline blends of 85 percent or greater, ethanol or~~
26 ~~ethanol/gasoline blends of 85 percent or greater, or electricity.~~

27 ~~[(c) The commission shall support the Texas Natural~~

1 ~~Resource Conservation Commission in collecting reasonable~~
2 ~~information needed to determine the air quality benefits from use~~
3 ~~of compressed natural gas, liquefied natural gas, liquefied~~
4 ~~petroleum gas, methanol or methanol/gasoline blends of 85 percent~~
5 ~~or greater, ethanol or ethanol/gasoline blends of 85 percent or~~
6 ~~greater, or electricity at affected agencies.~~

7 ~~(d)~~ A state agency in its annual financial report to the
8 legislature shall report its progress in achieving the percentage
9 requirements of this section by ~~[itemizing]~~:

10 (1) itemizing purchases, leases, and conversions of
11 motor vehicles; ~~and~~

12 (2) itemizing usage of compressed natural gas,
13 liquefied natural gas, liquefied petroleum gas, methanol or
14 methanol/gasoline blends of 85 percent or greater, ethanol or
15 ethanol/gasoline blends of 85 percent or greater, or electricity;
16 and

17 (3) describing the availability of compressed natural
18 gas, liquefied natural gas, liquefied petroleum gas, methanol or
19 methanol/gasoline blends of 85 percent or greater, ethanol or
20 ethanol/gasoline blends of 85 percent or greater, or electricity.

21 (c) ~~(e)~~ A state agency may meet the percentage
22 requirements of this section through purchase of new vehicles or
23 the conversion of existing vehicles, in accordance with federal and
24 state requirements and applicable safety laws. The Texas State
25 Technical College System shall develop a program and provide
26 training to a state agency converting an existing vehicle to meet
27 the requirements of this section.

1 (d) [~~(f)~~] The comptroller [~~commission~~] may reduce a
2 percentage specified by this section or waive the requirements of
3 this section for a state agency on receipt of certification
4 supported by evidence acceptable to the comptroller [~~commission~~]
5 that:

6 (1) the agency's vehicles will be operating primarily
7 in an area in which neither the agency nor a supplier has or can
8 reasonably be expected to establish adequate refueling for
9 compressed natural gas, liquefied natural gas, liquefied petroleum
10 gas, methanol or methanol/gasoline blends of 85 percent or greater,
11 ethanol or ethanol/gasoline blends of 85 percent or greater, or
12 electricity; or

13 (2) the agency is unable to obtain equipment or
14 refueling facilities necessary to operate vehicles using
15 compressed natural gas, liquefied natural gas, liquefied petroleum
16 gas, methanol or methanol/gasoline blends of 85 percent or greater,
17 ethanol or ethanol/gasoline blends of 85 percent or greater, or
18 electricity at a projected cost that is reasonably expected to be no
19 greater than the net costs of continued use of conventional
20 gasoline or diesel fuels, measured over the expected useful life of
21 the equipment or facilities supplied.

22 SECTION 4. Section 2158.008, Government Code, is amended to
23 read as follows:

24 Sec. 2158.008. WHEN VEHICLE CONSIDERED TO BE [~~CAPABLE OF~~]
25 USING ALTERNATIVE FUELS. In this subchapter, a vehicle is
26 considered to be [~~capable of~~] using compressed natural gas,
27 liquefied natural gas, liquefied petroleum gas, methanol or

1 methanol/gasoline blends of 85 percent or greater, ethanol or
2 ethanol/gasoline blends of 85 percent or greater, or electricity if
3 the vehicle uses [~~is capable of using~~] those fuels:

4 (1) not less than 80 percent of the time the vehicle is
5 driven; and

6 (2) either in its original equipment engine or in an
7 engine that has been converted to use those fuels.

8 SECTION 5. Section 2158.009(b), Government Code, is amended
9 to read as follows:

10 (b) A state agency authorized to purchase passenger
11 vehicles or other ground transportation vehicles for general use
12 shall ensure that not less than 20 [~~10~~] percent of its vehicle
13 purchases during any state fiscal biennium are purchases of
14 vehicles that meet or exceed the emissions standards necessary to
15 be rated by the United States Environmental Protection Agency as a
16 Tier II, Bin 3, emissions standard vehicle that has a greenhouse gas
17 score of eight under regulations of that agency as they existed
18 September 1, 2007.

19 SECTION 6. Section 2158.009(a), Government Code, is
20 repealed.

21 SECTION 7. This Act takes effect September 1, 2009.

ADOPTED

MAY 27 2009

Patry Spaw
Secretary of the Senate

By: *Craig Estes*

H.B. No. 432

Substitute the following for H.B. No. 432:

By: *Estes*

C.S. H.B. No. 432

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the acquisition by state agencies of low-emissions
3 vehicles and vehicles using alternative fuels.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 2158.001, Government Code, is amended to
6 read as follows:

7 Sec. 2158.001. DEFINITIONS [~~DEFINITION~~]. In this
8 subchapter:

9 (1) "Conventional [~~conventional~~ gasoline" means
10 any gasoline that does not meet specifications set by a
11 certification under Section 211(k) of the federal Clean Air Act (42
12 U.S.C. Section 7545(k)).

13 (2) "Golf cart" has the meaning assigned by Section
14 502.001, Transportation Code.

15 (3) "Light-duty motor vehicle" has the meaning
16 assigned by Section 386.151, Health and Safety Code.

17 (4) "Motor vehicle" has the meaning assigned by
18 Section 386.151, Health and Safety Code.

19 (5) "Neighborhood electric vehicle" means a motor
20 vehicle that:

21 (A) is originally manufactured to meet, and does
22 meet, the equipment requirements and safety standards established
23 for "low speed vehicles" in Federal Motor Vehicle Safety Standard
24 500 (49 C.F.R. Section 571.500);

1 (B) is a slow-moving vehicle, as defined by
2 Section 547.001, Transportation Code, that is able to attain a
3 speed of more than 20 miles per hour but not more than 25 miles per
4 hour in one mile on a paved, level surface;

5 (C) is a four-wheeled motor vehicle;

6 (D) is powered by electricity or alternative
7 power sources;

8 (E) has a gross vehicle weight rating of less
9 than 3,000 pounds; and

10 (F) is not a golf cart.

11 (6) "Plug-in hybrid motor vehicle" means a vehicle
12 that:

13 (A) draws motive power from a battery with a
14 capacity of at least four kilowatt-hours;

15 (B) can be recharged from an external source of
16 electricity for motive power; and

17 (C) is a light-duty motor vehicle capable of
18 operating at highway speeds, excluding golf carts and neighborhood
19 electric vehicles.

20 SECTION 2. Section 2158.003(a), Government Code, is amended
21 to read as follows:

22 (a) A state agency may not purchase or lease a vehicle
23 designed or used primarily for the transportation of individuals,
24 including a station wagon, that has a wheelbase longer than 113
25 inches or that has more than 160 SAE net horsepower. The vehicle
26 may have a wheelbase of up to 116 inches or SAE net horsepower of up
27 to 280 if the vehicle will be converted so that it uses ~~is capable~~

1 ~~of using~~ compressed natural gas, liquefied natural gas, liquefied
2 petroleum gas, methanol or methanol/gasoline blends of 85 percent
3 or greater, ethanol or ethanol/gasoline blends of 85 percent or
4 greater, biodiesel or biodiesel/diesel blends of 20 percent or
5 greater, or electricity, including electricity to power a plug-in
6 hybrid motor vehicle. This exception to the wheelbase and
7 horsepower limitations applies to a state agency regardless of the
8 size of the agency's vehicle fleet.

9 SECTION 3. Sections 2158.004(a), (b), (c), and (d),
10 Government Code, are amended to read as follows:

11 (a) A state agency operating a fleet of more than 15
12 vehicles, excluding law enforcement and emergency vehicles, may not
13 purchase or lease a motor vehicle unless that vehicle uses [~~is~~
14 ~~capable of using~~] compressed natural gas, liquefied natural gas,
15 liquefied petroleum gas, methanol or methanol/gasoline blends of 85
16 percent or greater, ethanol or ethanol/gasoline blends of 85
17 percent or greater, biodiesel or biodiesel/diesel blends of 20
18 percent or greater, or electricity, including electricity to power
19 a plug-in hybrid motor vehicle.

20 (b) A state agency may obtain equipment or refueling
21 facilities necessary to operate vehicles using compressed natural
22 gas, liquefied natural gas, liquefied petroleum gas, methanol or
23 methanol/gasoline blends of 85 percent or greater, ethanol or
24 ethanol/gasoline blends of 85 percent or greater, biodiesel or
25 biodiesel/diesel blends of 20 percent or greater, or electricity,
26 including electricity to power a plug-in hybrid motor vehicle:

27 (1) by purchase or lease as authorized by law;

1 (2) by gift or loan of the equipment or facilities; or

2 (3) by gift or loan of the equipment or facilities or
3 by another arrangement under a service contract for the supply of
4 compressed natural gas, liquefied natural gas, liquefied petroleum
5 gas, methanol or methanol/gasoline blends of 85 percent or greater,
6 ethanol or ethanol/gasoline blends of 85 percent or greater,
7 biodiesel or biodiesel/diesel blends of 20 percent or greater, or
8 electricity, including electricity to power a plug-in hybrid motor
9 vehicle.

10 (c) If the equipment or facilities are donated, loaned, or
11 provided through another arrangement with the supplier of
12 compressed natural gas, liquefied natural gas, liquefied petroleum
13 gas, methanol or methanol/gasoline blends of 85 percent or greater,
14 ethanol or ethanol/gasoline blends of 85 percent or greater,
15 biodiesel or biodiesel/diesel blends of 20 percent or greater, or
16 electricity, including electricity to power a plug-in hybrid motor
17 vehicle, the supplier is entitled to recoup its actual cost of
18 donating, loaning, or providing the equipment or facilities through
19 its fuel charges under the supply contract.

20 (d) The commission may waive the requirements of this
21 section for a state agency on receipt of certification supported by
22 evidence acceptable to the commission that:

23 (1) the agency's vehicles will be operating primarily
24 in an area in which neither the agency nor a supplier has or can
25 reasonably be expected to establish adequate refueling for
26 compressed natural gas, liquefied natural gas, liquefied petroleum
27 gas, methanol or methanol/gasoline blends of 85 percent or greater,

1 ethanol or ethanol/gasoline blends of 85 percent or greater,
2 biodiesel or biodiesel/diesel blends of 20 percent or greater, or
3 electricity, including electricity to power a plug-in hybrid motor
4 vehicle; or

5 (2) the agency is unable to obtain equipment or
6 refueling facilities necessary to operate vehicles using
7 compressed natural gas, liquefied natural gas, liquefied petroleum
8 gas, methanol or methanol/gasoline blends of 85 percent or greater,
9 ethanol or ethanol/gasoline blends of 85 percent or greater,
10 biodiesel or biodiesel/diesel blends of 20 percent or greater, or
11 electricity, including electricity to power a plug-in hybrid motor
12 vehicle, at a projected cost that is reasonably expected to be no
13 greater than the net costs of continued use of conventional
14 gasoline or diesel fuels, measured over the expected useful life of
15 the equipment or facilities supplied.

16 SECTION 4. Sections 2158.005, 2158.006, 2158.007, and
17 2158.008, Government Code, are amended to read as follows:

18 Sec. 2158.005. PERCENTAGE REQUIREMENTS FOR VEHICLES
19 [~~CAPABLE OF~~] USING ALTERNATIVE FUELS [~~, PROGRAM REVIEW~~]. (a) Not
20 later than September 30, 2010 [~~1, 1996~~], a state agency that
21 operates a fleet of more than 15 motor vehicles, excluding law
22 enforcement and emergency vehicles, shall have a fleet consisting
23 of vehicles of which at least 50 percent use [~~are capable of using~~]
24 compressed natural gas, liquefied natural gas, liquefied petroleum
25 gas, methanol or methanol/gasoline blends of 85 percent or greater,
26 ethanol or ethanol/gasoline blends of 85 percent or greater,
27 biodiesel or biodiesel/diesel blends of 20 percent or greater, or

1 electricity, including electricity to power a plug-in hybrid motor
2 vehicle.

3 (b) ~~[The Texas Natural Resource Conservation Commission~~
4 ~~shall review the program established by this subchapter by December~~
5 ~~31, 1996. If the Texas Natural Resource Conservation Commission~~
6 ~~determines that the program has been effective in reducing total~~
7 ~~annual emissions from motor vehicles in the area, then after August~~
8 ~~31, 1998, a state agency operating a fleet of more than 15 motor~~
9 ~~vehicles shall have a fleet consisting of vehicles of which at least~~
10 ~~90 percent are capable of using compressed natural gas, liquefied~~
11 ~~natural gas, liquefied petroleum gas, methanol or~~
12 ~~methanol/gasoline blends of 85 percent or greater, ethanol or~~
13 ~~ethanol/gasoline blends of 85 percent or greater, or electricity.~~

14 [(c)] The commission shall collect ~~[support the Texas~~
15 ~~Natural Resource Conservation Commission in collecting]~~ reasonable
16 information needed to determine the air quality benefits from use
17 of compressed natural gas, liquefied natural gas, liquefied
18 petroleum gas, methanol or methanol/gasoline blends of 85 percent
19 or greater, ethanol or ethanol/gasoline blends of 85 percent or
20 greater, biodiesel or biodiesel/diesel blends of 20 percent or
21 greater, or electricity, including electricity to power a plug-in
22 hybrid motor vehicle, at affected agencies.

23 (c) [(d)] A state agency in its annual financial report to
24 the legislature shall report its progress in achieving the
25 percentage requirements of this section by ~~[itemizing]~~:

26 (1) itemizing purchases, leases, and conversions of
27 motor vehicles; ~~[and]~~

1 (2) itemizing usage of compressed natural gas,
2 liquefied natural gas, liquefied petroleum gas, methanol or
3 methanol/gasoline blends of 85 percent or greater, ethanol or
4 ethanol/gasoline blends of 85 percent or greater, biodiesel or
5 biodiesel/diesel blends of 20 percent or greater, or electricity,
6 including electricity to power a plug-in hybrid motor vehicle;

7 (3) describing the availability of compressed natural
8 gas, liquefied natural gas, liquefied petroleum gas, methanol or
9 methanol/gasoline blends of 85 percent or greater, ethanol or
10 ethanol/gasoline blends of 85 percent or greater, biodiesel or
11 biodiesel/diesel blends of 20 percent or greater, or electricity,
12 including electricity to power a plug-in hybrid motor vehicle; and

13 (4) providing the information reasonably needed to
14 determine the air quality benefits from use of compressed natural
15 gas, liquefied natural gas, liquefied petroleum gas, methanol or
16 methanol/gasoline blends of 85 percent or greater, ethanol or
17 ethanol/gasoline blends of 85 percent or greater, biodiesel or
18 biodiesel/diesel blends of 20 percent or greater, or electricity,
19 including electricity to power a plug-in hybrid motor vehicle.

20 (d) [(e)] A state agency may meet the percentage
21 requirements of this section through purchase of new vehicles or
22 the conversion of existing vehicles, in accordance with federal and
23 state requirements and applicable safety laws. The Texas State
24 Technical College System shall develop a program and provide
25 training to a state agency converting an existing vehicle to meet
26 the requirements of this section.

27 (e) [(f)] The comptroller [~~commission~~] may reduce a

1 percentage specified by this section or waive the requirements of
2 this section for a state agency on receipt of certification
3 supported by evidence acceptable to the comptroller [~~commission~~]
4 that:

5 (1) the agency's vehicles will be operating primarily
6 in an area in which neither the agency nor a supplier has or can
7 reasonably be expected to establish adequate refueling for
8 compressed natural gas, liquefied natural gas, liquefied petroleum
9 gas, methanol or methanol/gasoline blends of 85 percent or greater,
10 ethanol or ethanol/gasoline blends of 85 percent or greater,
11 biodiesel or biodiesel/diesel blends of 20 percent or greater, or
12 electricity, including electricity to power a plug-in hybrid motor
13 vehicle; or

14 (2) the agency is unable to obtain equipment or
15 refueling facilities necessary to operate vehicles using
16 compressed natural gas, liquefied natural gas, liquefied petroleum
17 gas, methanol or methanol/gasoline blends of 85 percent or greater,
18 ethanol or ethanol/gasoline blends of 85 percent or greater,
19 biodiesel or biodiesel/diesel blends of 20 percent or greater, or
20 electricity, including electricity to power a plug-in hybrid motor
21 vehicle, at a projected cost that is reasonably expected to be no
22 greater than the net costs of continued use of conventional
23 gasoline or diesel fuels, measured over the expected useful life of
24 the equipment or facilities supplied.

25 Sec. 2158.006. DETERMINATION OF ALTERNATIVE FUELS PROGRAM
26 PARAMETERS. In developing the use of compressed natural gas,
27 liquefied natural gas, liquefied petroleum gas, methanol or

1 methanol/gasoline blends of 85 percent or greater, ethanol or
2 ethanol/gasoline blends of 85 percent or greater, biodiesel or
3 biodiesel/diesel blends of 20 percent or greater, or electricity,
4 including electricity to power a plug-in hybrid motor vehicle, the
5 commission should work with state agency fleet operators, vehicle
6 manufacturers and converters, fuel distributors, and others to
7 determine the vehicles to be covered, taking into consideration:

- 8 (1) range;
- 9 (2) specialty uses;
- 10 (3) fuel availability;
- 11 (4) vehicle manufacturing and conversion capability;
- 12 (5) safety;
- 13 (6) resale values; and
- 14 (7) other relevant factors.

15 Sec. 2158.007. COMPLIANCE WITH APPLICABLE SAFETY
16 STANDARDS. In purchasing, leasing, maintaining, or converting
17 vehicles for use with compressed natural gas, liquefied natural
18 gas, liquefied petroleum gas, methanol or methanol/gasoline blends
19 of 85 percent or greater, ethanol or ethanol/gasoline blends of 85
20 percent or greater, biodiesel or biodiesel/diesel blends of 20
21 percent or greater, or electricity, including electricity to power
22 a plug-in hybrid motor vehicle, the commission shall comply with
23 all applicable safety standards adopted by the United States
24 Department of Transportation and the Railroad Commission of Texas.

25 Sec. 2158.008. WHEN VEHICLE CONSIDERED TO BE [~~CAPABLE OF~~]
26 USING ALTERNATIVE FUELS. In this subchapter, a vehicle is
27 considered to be [~~capable of~~] using compressed natural gas,

1 liquefied natural gas, liquefied petroleum gas, methanol or
2 methanol/gasoline blends of 85 percent or greater, ethanol or
3 ethanol/gasoline blends of 85 percent or greater, biodiesel or
4 biodiesel/diesel blends of 20 percent or greater, or electricity,
5 including electricity to power a plug-in hybrid motor vehicle, if
6 the vehicle uses [~~is capable of using~~] those fuels:

7 (1) not less than 80 percent of the time the vehicle is
8 driven; and

9 (2) either in its original equipment engine or in an
10 engine that has been converted to use those fuels.

11 SECTION 5. Section 2158.009, Government Code, is amended by
12 amending Subsection (b) and adding Subsection (d) to read as
13 follows:

14 (b) A state agency authorized to purchase passenger
15 vehicles or other ground transportation vehicles for general use
16 shall ensure that not less than 25 [~~40~~] percent of the vehicles the
17 agency [~~its vehicle~~] purchases during any state fiscal biennium,
18 other than vehicles the purchase of which is exempted from this
19 subsection by Subsection (c) or (d), are [~~purchases of~~] vehicles
20 that meet or exceed the emissions standards necessary to be rated by
21 the United States Environmental Protection Agency as a Tier II, Bin
22 3, emissions standard vehicle that has a greenhouse gas score of
23 eight under regulations of that agency as they existed September 1,
24 2007.

25 (d) Subsection (b) does not apply to a state agency's
26 purchase of a vehicle to be used by a peace officer, as defined by
27 Article 2.12, Code of Criminal Procedure, whose duties include the

1 apprehension of persons for violation of a criminal law of this
2 state.

3 SECTION 6. Section 113.286(b), Natural Resources Code, is
4 amended to read as follows:

5 (b) To the extent permitted by federal law or regulations,
6 the council may use the money in the fund only to:

7 (1) make loans or grants under this subchapter;

8 (2) finance activities supporting or encouraging the
9 use of compressed natural gas, liquefied natural gas, liquefied
10 petroleum gas, methanol or methanol/gasoline blends of 85 percent
11 or greater, ethanol or ethanol/gasoline blends of 85 percent or
12 greater, biodiesel or biodiesel/diesel blends of 20 percent or
13 greater, or electricity, including electricity to power a plug-in
14 hybrid motor vehicle; or

15 (3) pay the costs of administering this subchapter.

16 SECTION 7. Section 2158.009(a), Government Code, is
17 repealed.

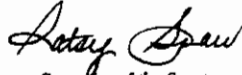
18 SECTION 8. This Act takes effect September 1, 2009.

ADOPTED

FLOOR AMENDMENT NO. 1

MAY 27 2009

BY:


Secretary of the Senate

1 Amend C.S.H.B. No. 432 (senate committee report), in
2 SECTION 4 of the bill, in amended Section 2158.005(b),
3 Government Code (page 3, line 22), by striking "commission" and
4 substituting "Texas Commission on Environmental Quality
5 [~~commission~~]".

ADOPTED

FLOOR AMENDMENT NO. 2

MAY 27 2009

BY: William

Robert Spaw
Secretary of the Senate

1 Amend C.S.H.B. No. 432 by adding the following
2 appropriately numbered SECTIONS to the bill and renumbering the
3 subsequent SECTIONS of the bill accordingly:

4 SECTION ____ . Section 386.252, Health and Safety Code, is
5 amended by amending Subsection (a) and adding Subsection (d) to
6 read as follows:

7 (a) Money in the fund may be used only to implement and
8 administer programs established under the plan and shall be
9 allocated as follows:

10 (1) for the diesel emissions reduction incentive
11 program, 87.5 percent of the money in the fund, of which not
12 more than four percent may be used for the clean school bus
13 program, five percent shall be used for the clean fleet program,
14 and not more than 10 percent may be used for on-road diesel
15 purchase or lease incentives;

16 (2) for the new technology research and development
17 program, 9.5 percent of the money in the fund, of which up to
18 \$250,000 is allocated for administration, up to \$200,000 is
19 allocated for a health effects study, \$500,000 is to be
20 deposited in the state treasury to the credit of the clean air
21 account created under Section 382.0622 to supplement funding for
22 air quality planning activities in affected counties, not less
23 than 20 percent is to be allocated each year to support research
24 related to air quality for the Houston-Galveston-Brazoria and
25 Dallas-Fort Worth nonattainment areas by a nonprofit
26 organization based in Houston of which \$216,000 each year shall
27 be contracted to the Energy Systems Laboratory at the Texas
28 Engineering Experiment Station for the development and annual
29 calculation of creditable statewide emissions reductions

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1 obtained through wind and other renewable energy resources for
2 the State Implementation Plan, and the balance is to be
3 allocated each year to a nonprofit organization or an
4 institution of higher education based in Houston to be used to
5 implement and administer the new technology research and
6 development program under a contract with the commission for the
7 purpose of identifying, testing, and evaluating new emissions-
8 reducing technologies with potential for commercialization in
9 this state and to facilitate their certification or
10 verification; and

11 (3) for administrative costs incurred by the
12 commission and the laboratory, three percent of the money in the
13 fund.

14 (d) The commission may allocate unexpended money
15 designated for the clean fleet program to other programs
16 described under Subsection (a) after the commission allocates
17 money to recipients under the clean fleet program.

18 SECTION ____ . Subtitle C, Title 5, Health and Safety Code,
19 is amended by adding Chapter 391 to read as follows:

20 CHAPTER 391. TEXAS CLEAN FLEET PROGRAM

21 Sec. 391.001. DEFINITIONS. In this chapter:

22 (1) "Alternative fuel" means a fuel other than
23 gasoline, diesel or biodiesel fuel, including electricity,
24 compressed natural gas, liquified natural gas, hydrogen,
25 propane, or a mixture of fuels containing at least 85 percent
26 methanol by volume.

27 (2) "Commission" means the Texas Commission on
28 Environmental Quality.

29 (3) "Golf cart" has the meaning assigned by Section
30 502.001, Transportation Code.

31 (4) "Hybrid vehicle" means a vehicle with at least

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1 two different energy converters and two different energy storage
2 systems on board the vehicle for the purpose of propelling the
3 vehicle.

4 (5) "Incremental cost" has the meaning assigned by
5 Section 386.001.

6 (6) "Light-duty motor vehicle" has the meaning
7 assigned by Section 386.151.

8 (7) "Motor vehicle" has the meaning assigned by
9 Section 386.151.

10 (8) "Neighborhood electric vehicle" means a motor
11 vehicle that:

12 (A) is originally manufactured to meet, and does
13 meet, the equipment requirements and safety standards
14 established for "low-speed vehicles" in Federal Motor Vehicle
15 Safety Standard No. 500 (49 C.F.R. Section 571.500);

16 (B) is a slow-moving vehicle, as defined by
17 Section 547.001, Transportation Code, that is able to attain a
18 speed of more than 20 miles per hour but not more than 25 miles
19 per hour in one mile on a paved, level surface;

20 (C) is a four-wheeled motor vehicle;

21 (D) is powered by electricity or alternative
22 power sources;

23 (E) has a gross vehicle weight rating of less
24 than 3,000 pounds; and

25 (F) is not a golf cart.

26 (9) "Program" means the Texas clean fleet program
27 established under this chapter.

28 Sec. 391.002. PROGRAM. (a) The commission shall
29 establish and administer the Texas clean fleet program to
30 encourage a person that has a fleet of vehicles to convert
31 diesel-powered vehicles to alternative fuel or hybrid vehicles

1 or replace them with alternative fuel or hybrid vehicles. Under
2 the program, the commission shall provide grants for eligible
3 projects to offset the incremental cost of projects for fleet
4 owners.

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

8 Sec. 391.003. QUALIFYING VEHICLES. (a) A vehicle is a
9 qualifying vehicle that may be considered for a grant under the
10 program if during the calendar year the entity purchases a new
11 on-road vehicle that:

12 (1) is certified to current federal emissions
13 standards;

14 (2) replaces a diesel-powered on-road vehicle of the
15 same weight classification and use; and

16 (3) is a hybrid vehicle or fueled by an alternative
17 fuel.

18 (b) A vehicle is not a qualifying vehicle if the vehicle:

19 (1) is a neighborhood electric vehicle;

20 (2) has been used as a qualifying vehicle to qualify
21 for a grant under this chapter for a previous reporting period
22 or by another entity; or

23 (3) has qualified for a similar grant or tax credit
24 in another jurisdiction.

25 Sec. 391.004. APPLICATION FOR GRANT. (a) An entity
26 operating in this state that operates a fleet of at least 100
27 vehicles may apply for and receive a grant under the program.

28 (b) The commission may adopt guidelines to allow a
29 regional planning commission, council of governments, or similar
30 regional planning agency created under Chapter 391, Local
31 Government Code, or a private nonprofit organization to apply

1 for and receive a grant to improve the ability of the program to
2 achieve its goals.

3 (c) An application for a grant under this chapter must be
4 made on a form provided by the commission and must contain the
5 information required by the commission.

6 Sec. 391.005. ELIGIBILITY OF PROJECTS FOR GRANTS.

7 (a) The commission by rule shall establish criteria for
8 prioritizing projects eligible to receive grants under this
9 chapter. The commission shall review and revise the criteria as
10 appropriate.

11 (b) To be eligible for a grant under the program, a
12 project must:

13 (1) result in a reduction in emissions of nitrogen
14 oxides or other pollutants, as established by the commission, of
15 at least 25 percent, based on:

16 (A) the baseline emission level set by the
17 commission under Subsection (g); and

18 (B) the certified emission rate of the new
19 vehicle; and

20 (2) replace a vehicle that:

21 (A) is an on-road vehicle that has been owned,
22 registered, and operated by the applicant in Texas for at least
23 the two years immediately preceding the submission of a grant
24 application;

25 (B) satisfies any minimum average annual mileage
26 or fuel usage requirements established by the commission;

27 (C) satisfies any minimum percentage of annual
28 usage requirements established by the commission; and

29 (D) is in operating condition and has at least
30 two years of remaining useful life, as determined in accordance
31 with criteria established by the commission.

1 (c) As a condition of receiving a grant, the qualifying
2 vehicle must be continuously owned, registered, and operated in
3 the state by the grant recipient for at least five years from
4 the date of reimbursement of the grant-funded expenses. Not
5 less than 75 percent of the annual use of the qualifying
6 vehicle, either mileage or fuel use as determined by the
7 commission, must occur in the state.

8 (d) The commission shall include and enforce the usage
9 provisions in the grant contracts. The commission shall monitor
10 compliance with the ownership and usage requirements, including
11 submission of reports on at least an annual basis, or more
12 frequently as determined by the commission.

13 (e) The commission by contract may require the return of
14 all or a portion of grant funds for a grant recipient's
15 noncompliance with the usage and percentage of use requirements
16 under this section.

17 (f) A vehicle or engine replaced under this program must
18 be rendered permanently inoperable by crushing the vehicle or
19 making a hole in the engine block and permanently destroying the
20 frame of the vehicle. The commission shall establish criteria
21 for ensuring the permanent destruction of the engine and
22 vehicle. The commission shall monitor and enforce the
23 destruction requirements.

24 (g) The commission shall establish baseline emission
25 levels for emissions of nitrogen oxides for on-road vehicles
26 being replaced. The commission may consider and establish
27 baseline emission rates for additional pollutants of concern, as
28 determined by the commission.

29 (h) Mileage requirements established by the commission
30 under Subsection (b) (2) (B) may differ by vehicle weight
31 categories and type of use.

1 Sec. 391.006. RESTRICTION ON USE OF GRANT. A recipient of
2 a grant under this chapter shall use the grant to pay the
3 incremental costs of the project for which the grant is made,
4 which may include the initial cost of the alternative fuel
5 vehicle and the reasonable and necessary expenses incurred for
6 the labor needed to install emissions-reducing equipment. The
7 recipient may not use the grant to pay the recipient's
8 administrative expenses.

9 Sec. 391.007. AMOUNT OF GRANT. (a) The amount the
10 commission shall award for each vehicle being replaced is:

11 (1) 80 percent of the incremental cost for a heavy-
12 duty diesel engine:

13 (A) manufactured prior to implementation of
14 federal or California emission standards; and

15 (B) not certified to meet a specific emission
16 level by either the U.S. Environmental Protection Agency or the
17 California Air Resources Board;

18 (2) 70 percent of the incremental cost for a heavy-
19 duty diesel engine certified to meet the federal emission
20 standards applicable to engines manufactured in 1990 through
21 1997;

22 (3) 60 percent of the incremental cost for a heavy-
23 duty diesel engine certified to meet the federal emission
24 standards applicable to engines manufactured in 1998 through
25 2003;

26 (4) 50 percent of the incremental cost for a heavy-
27 duty diesel engine certified to meet the federal emission
28 standards applicable to engines manufactured in 2004 and later;

29 (5) 80 percent of the incremental cost for a light-
30 duty diesel vehicle:

31 (A) manufactured prior to the implementation of

1 certification requirements; and

2 (B) not certified to meet either mandatory or
3 voluntary emission certification standards;

4 (6) 70 percent of the incremental cost for a light-
5 duty diesel vehicle certified to meet federal emission standards
6 prior to 2004; and

7 (7) 60 percent of the incremental cost for a light-
8 duty diesel vehicle certified to meet federal emission standards
9 applicable after 2003.

10 (b) The commission may revise the standards for
11 determining grant amounts, as needed to reflect changes to
12 federal emission standards and decisions on pollutants of
13 concern.

14 Sec. 391.008. EXPIRATION. This chapter expires August 31,
15 2017.

16 SECTION ____ . (a) In this section:

17 (1) "Alternative fuel" means a fuel other than
18 gasoline or diesel fuel, other than biodiesel fuel, including
19 electricity, compressed natural gas, liquified natural gas,
20 hydrogen, propane, methanol, or a mixture of fuels containing at
21 least 85 percent methanol by volume.

22 (2) "Commission" means the Texas Commission on
23 Environmental Quality.

24 (b) The commission shall conduct an alternative fueling
25 facilities study to:

26 (1) assess the correlation between the installation
27 of fueling facilities in nonattainment areas and the deployment
28 of fleet vehicles that use alternative fuels; and

29 (2) determine the emissions reductions achieved from
30 replacing a diesel-powered engine with an engine utilizing
31 alternative fuels.

1 (c) From the emissions reductions determined under
2 Subsection (b) of this section, the commission shall determine
3 the amount of emissions reductions which are fairly attributable
4 to the installation of an alternative fuel fueling facility and
5 the combustion of the alternative fuel in the vehicles fueled by
6 the alternative fuel fueling facility.

7 (d) In connection with the study conducted under this
8 section, the commission shall seek approval for credit in the
9 state implementation plan from the United States Environmental
10 Protection Agency for emissions reductions that can be:

11 (1) directly attributed to an alternative fuel
12 fueling facility; and

13 (2) achieved as a consequence of an alternative fuel
14 fueling facility encouraging the use of alternatively fueled
15 vehicles.

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

23 (f) This section expires August 31, 2011.

24 SECTION _____. The Texas Commission on Environmental Quality
25 shall adopt rules under Section 391.005, Health and Safety Code,
26 as added by this Act, as soon as practicable after the effective
27 date of this Act.

ADOPTED

MAY 27 2009

Atty. Gen.
Secretary of the Senate

FLOOR AMENDMENT NO. 3

BY: *[Signature]*

Amend H.B. 432 by adding the following appropriately numbered SECTIONS to the bill and renumbering subsequent SECTIONS of the bill accordingly:

SECTION __ (a) Subsection (d), Section 382.0191, Health and Safety Code, is repealed.

(b) Effective November 1, 2010, Subsection (b), Section 382.0191, Health and Safety Code, is amended to read as follows:

(b) Except as provided by Subsection (c), the [The] commission may not prohibit or limit the idling of any [a] motor vehicle with a gross vehicle weight rating greater than 8,500 pounds that is equipped with a 2008 or subsequent model year heavy-duty diesel engine that has been certified by the United States Environmental Protection Agency or another state environmental agency to emit no more than 30 grams of nitrogen oxides emissions per hour when idling [is necessary to power a heater or air conditioner while a driver is using the vehicle's sleeper berth for a government mandated rest period. Idling is not necessary to power a heater or air conditioner if the vehicle is within two miles of a facility offering external heating and air conditioning connections at a time when those

~~connections are available].~~

SECTION __. Subchapter Z, Chapter 622, Transportation Code, is amended by adding Section 622.955 to read as follows:

Sec. 622.955. INCREASE OF MAXIMUM WEIGHT FOR VEHICLES WITH IDLE REDUCTION SYSTEMS. (a) For purposes of this section, "idle reduction system" means a system that provides heating, cooling, or electrical service to a commercial vehicle's sleeper berth for the purpose of reducing the idling of a motor vehicle.

(b) Notwithstanding any provision to the contrary, the maximum gross vehicle weight limit and axle weight limit for any vehicle or combination of vehicles equipped with an idle reduction system shall be increased by an amount necessary to compensate for the additional weight of the idle reduction system.

(c) The weight increase under Subsection (b) may not be greater than 400 pounds.

(d) On request by an appropriate law enforcement officer or an official of an appropriate regulatory agency, the vehicle operator shall provide proof that:

(1) the idle reduction technology is fully functional at all times; and

(2) the weight increase is not used for any purpose other than the use of an idle reduction system.

SECTION 3. Except as provided by Subsection (b), Section 1

of this Act, this Act takes effect August 31, 2009. S.B. No. 1828

Amendment No. 4

By: *James*

Amend H.B. 432 by adding the following appropriately numbered SECTION and renumber the subsequent SECTIONS of the bill accordingly:

SECTION _____. Section 2158.0011, Government Code, is added to read as follows:

Sec. 2158.0011. APPLICABILITY OF SUBCHAPTER. The purchasing requirements relating to alternatively fueled vehicles established by this Subchapter do not apply if a state agency demonstrates that the state agency will incur net costs in meeting the requirements of this subchapter.

ADOPTED

MAY 27 2009

Patricia Spaw
Secretary of the Senate

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30

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 28, 2009

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB432 by Lucio III (Relating to the acquisition by state agencies of low-emissions vehicles and vehicles using alternative fuels.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to add to the state's purchasing guidelines definitions for golf carts, light-duty motor vehicles, motor vehicles, and neighborhood electric vehicles. Purchasing requirements relating to alternatively fueled vehicles would not apply if a state agency demonstrates that the state agency would incur net costs.

The bill would also amend the Government Code to require agencies to purchase or lease certain vehicles only if they use the following alternative fuels: compressed natural gas, liquefied natural gas (Propane), liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent (E85) or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, or electricity, including electricity to power a plug-in hybrid motor vehicle.

This requirement would apply to agencies purchasing or leasing certain large vehicles used primarily for the transportation of individuals and to agencies operating a fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles. By September 30, 2010, agencies operating a fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles, would be required to have a fleet consisting of vehicles of which at least 50 percent use the same alternative fuels specified above. The Texas Commission on Environmental Quality (TCEQ), instead of the Comptroller, would collect reasonable information needed to determine air quality benefits at affected agencies.

The bill would require agencies to include in their annual financial report the availability of alternative fuels and provide the information reasonably needed to determine certain air quality benefits, would require the Texas State Technical College System to develop a program and provide training to agencies converting an existing vehicle to meet certain alternative fuel requirements, and also would transfer from the TCEQ to the Comptroller the authority to modify the 50 percent requirement.

The Department of Public Safety (DPS) reported that compressed natural gas fueled vehicles are not a viable option due to conversion costs, the extremely low number of fueling stations, and decreased passenger/cargo space. Propane fueled vehicles are also not a good option due to the conversion costs, warranty issues, and decreased passenger/cargo space.

DPS reported that utilizing commercially available E85 vehicles is the best option for complying with the requirement that 50 percent of non-emergency vehicles use alternative fuel. Currently DPS has 108 vehicles in the staff transport fleet, and of these, 57 percent are E85 capable. However, due to the limited number of E85 fueling stations, these vehicles are currently using regular gasoline. An E85 fueling station would need to be installed at Austin's headquarters, at \$156,000, to have the best chance of complying with the legislation. Also, the agency would pay an additional \$7,000 per year for the E85 fuel.

The Texas Youth Commission reported that the capital cost to convert 26 vehicles combined with the

potential fuel savings results in a cost of approximately \$100,000 per year from FY2010 to FY2014.

The Texas Department of Criminal Justice estimated it would cost \$645,000 (\$500 per conversion kit) to convert at least 50 percent of its fleet to using alternative fuels.

The Texas State Technical College System (TSTC) reported that the cost to develop a program and provide training to agencies converting an existing vehicle to meet the alternative fuels requirements would cost approximately \$500,000 in FY2010 and \$92,000 in FY2011. TSTC estimates that state agencies would send approximately half of the state's 600 automotive technicians to training, with some technicians participating in two or more types of training (there are 5 types of training identified in the bill). This would result in 350 trainings under the bill (one student taking one course equals one training). Training would cover installation of conversion kits and proper maintenance of these systems once installed.

TSTC anticipates it would charge each state agency \$1,700 per student to cover the direct cost of the training, excluding travel expenses.

The bill would also amend the Government Code to require that not less than 25 percent (under current law the requirement is at least 10 percent) of the passenger vehicles purchased by a state agency in any biennium meet or exceed standards to be classified as a Tier II, Bin 3, emissions standard vehicle that has a greenhouse gas score of eight under the Environmental Protection Agency regulations as they exist on September 1, 2007. The bill excludes certain vehicles used by peace officers.

The bill would repeal a provision that provided that agencies with fewer than 10 vehicle purchases in a biennium are exempt from the low-emission standards.

An exemption currently allows a state agency to purchase a vehicle that is not low-emission if the vehicle meets the agency's operational need and no such low-emission vehicle is commercially available. The Texas Department of Transportation, the TCEQ, and the Texas Parks and Wildlife Department indicated that some of their vehicle purchases fall under this exemption.

Low-emission vehicles cost approximately \$5,000 to \$7,000 more than traditional vehicles according to various agency responses.

The bill would repeal Health and Safety Code, Section 382.0191(d) eliminating the current September 1, 2009, expiration date for idling restrictions for motor vehicles with sleeper berths. The bill would also restrict the TCEQ from prohibiting certain heavy duty vehicles from idling. Vehicles affected are those with a gross vehicle weight rating of greater than 8,500 pounds that have a 2008 or newer engine that has been certified by the US Environmental Protection Agency or another state environmental protection agency to emit no more than 30 grams of nitrogen oxides (NOx) per hour. The prohibition would not apply in school zones or within 1,000 feet of a hospital or public school during hours of operation.

The bill would create a Texas Clean Fleet Program (CFP) to be administered by the TCEQ. The CFP would provide for the conversion of diesel-powered or gasoline-powered vehicles to alternative fuel vehicles and the purchase of alternative-fuel vehicles, including hybrid-electric, compressed natural gas, liquefied natural gas, hydrogen, or other alternative fuel (propane, ethanol, or fuel mixtures with at least 85 percent methanol or ethanol) vehicles, to reduce exposure of the citizens living in nonattainment areas of the state.

The bill would require that 5 percent of funding from the 87.5 percent of the money available in the General Revenue-Dedicated Texas Emissions Reduction Plan (TERP) Account No. 5071 fund for the diesel emissions reduction incentive program be spent on the CFP.

Administration costs of the new CFP and costs of conducting the alternative fueling facilities are expected to be absorbed using existing TCEQ resources.

The bill would also amend the Natural Resources Code to add biodiesel, biodiesel/diesel blends of 20

percent or greater, and electricity to power a plug-in hybrid motor vehicle to the list of financing activities supported by the Alternative Fuels Council (AFC.) It is assumed this would not significantly impact the AFC.

Local Government Impact

Local governments could experience a positive fiscal impact if they were able to obtain grant funding through the new CFP program created by the bill. The amount of funding such entities could receive would depend on the competitiveness of the entities' grant proposals.

No other significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 71D Texas State Technical College - Waco, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety, 551 Department of Agriculture, 582 Commission on Environmental Quality, 601 Department of Transportation, 694 Youth Commission, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

LBB Staff: JOB, PJK, SZ, SD, KJG

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 25, 2009

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB432 by Lucio III (Relating to the acquisition by state agencies of low-emissions vehicles and vehicles using alternative fuels.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to add to the state's purchasing guidelines definitions for golf carts, light-duty motor vehicles, motor vehicles, and neighborhood electric vehicles.

The bill would also amend the Government Code to require agencies to purchase or lease certain vehicles only if they use the following alternative fuels: compressed natural gas, liquefied natural gas (Propane), liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent (E85) or greater, biodiesel or biodiesel/diesel blends of 20 percent or greater, or electricity, including electricity to power a plug-in hybrid motor vehicle.

This requirement would apply to agencies purchasing or leasing certain large vehicles used primarily for the transportation of individuals and to agencies operating a fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles. By September 30, 2010, agencies operating a fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles, would be required to have a fleet consisting of vehicles of which at least 50 percent use the same alternative fuels specified above.

The bill would require agencies to include in their annual financial report the availability of alternative fuels and provide the information reasonably needed to determine certain air quality benefits, would require the Texas State Technical College System to develop a program and provide training to agencies converting an existing vehicle to meet certain alternative fuel requirements, and also would transfer from the Commission on Environmental Quality to the Comptroller the authority to modify the 50 percent requirement.

The Department of Public Safety (DPS) reported that compressed natural gas fueled vehicles are not a viable option due to conversion costs, the extremely low number of fueling stations, and decreased passenger/cargo space. Propane fueled vehicles are also not a good option due to the conversion costs, warranty issues, and decreased passenger/cargo space.

DPS reported that utilizing commercially available E85 vehicles is the best option for complying with the requirement that 50 percent of non-emergency vehicles use alternative fuel. Currently DPS has 108 vehicles in the staff transport fleet, and of these, 57 percent are E85 capable. However, due to the limited number of E85 fueling stations, these vehicles are currently using regular gasoline. An E85 fueling station would need to be installed at Austin's headquarters, at \$156,000, to have the best chance of complying with the legislation. Also, the agency would pay an additional \$7,000 per year for the E85 fuel.

The Texas Youth Commission reported that the capital cost to convert 26 vehicles combined with the potential fuel savings results in a cost of approximately \$100,000 per year from FY2010 to FY2014.

The Texas Department of Criminal Justice estimated it would cost \$645,000 (\$500 per conversion kit)

to convert at least 50 percent of its fleet to using alternative fuels.

The Texas State Technical College System (TSTC) reported that the cost to develop a program and provide training to agencies converting an existing vehicle to meet the alternative fuels requirements would cost approximately \$500,000 in FY2010 and \$92,000 in FY2011. TSTC estimates that state agencies would send approximately half of the state's 600 automotive technicians to training, with some technicians participating in two or more types of training (there are 5 types of training identified in the bill). This would result in 350 trainings under the bill (one student taking one course equals one training). Training would cover installation of conversion kits and proper maintenance of these systems once installed.

TSTC anticipates it would charge each state agency \$1,700 per student to cover the direct cost of the training, excluding travel expenses.

The bill would also amend the Government Code to require that not less than 25 percent (under current law the requirement is at least 10 percent) of the passenger vehicles purchased by a state agency in any biennium meet or exceed standards to be classified as a Tier II, Bin 3, emissions standard vehicle that has a greenhouse gas score of eight under the Environmental Protection Agency regulations as they exist on September 1, 2007. The bill excludes certain vehicles used by peace officers.

The bill would repeal a provision that provided that agencies with fewer than 10 vehicle purchases in a biennium are exempt from the low-emission standards.

An exemption currently allows a state agency to purchase a vehicle that is not low-emission if the vehicle meets the agency's operational need and no such low-emission vehicle is commercially available. The Texas Department of Transportation, the Commission on Environmental Quality, and the Texas Parks and Wildlife Department indicated that some of their vehicle purchases fall under this exemption.

Low-emission vehicles cost approximately \$5,000 to \$7,000 more than traditional vehicles according to various agency responses.

The bill would also amend the Natural Resources Code to add biodiesel, biodiesel/diesel blends of 20 percent or greater, and electricity to power a plug-in hybrid motor vehicle to the list of financing activities supported by the Alternative Fuels Council (AFC.) It is assumed this would not significantly impact the AFC.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 71D Texas State Technical College - Waco, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety, 551 Department of Agriculture, 582 Commission on Environmental Quality, 601 Department of Transportation, 694 Youth Commission, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

LBB Staff: JOB, SZ, SD, PJK, KJG

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 12, 2009

TO: Honorable Kip Averitt, Chair, Senate Committee on Natural Resources

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB432 by Lucio III (Relating to the acquisition by state agencies of low-emissions vehicles and vehicles using alternative fuels.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to require agencies to purchase or lease certain vehicles only if they use the following alternative fuels: compressed natural gas, liquefied natural gas (Propane), liquefied petroleum gas, methanol or methanol/gasoline blends of 85 percent or greater, ethanol or ethanol/gasoline blends of 85 percent (E85) or greater, or electricity.

This requirement would apply to agencies purchasing or leasing certain large vehicles used primarily for the transportation of individuals and to agencies operating a fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles. By September 30, 2010, agencies operating a fleet of more than 15 vehicles, excluding law enforcement and emergency vehicles, would be required to have a fleet consisting of vehicles of which at least 50 percent use the same alternative fuels specified above.

The bill would require agencies to include in their annual financial report the availability of alternative fuels, would require the Texas State Technical College System to develop a program and provide training to agencies converting an existing vehicle to meet certain alternative fuel requirements, and also would transfer from the Commission on Environmental Quality to the Comptroller the authority to modify the 50 percent requirement.

The Department of Public Safety (DPS) reported that compressed natural gas fueled vehicles are not a viable option due to conversion costs, the extremely low number of fueling stations, and decreased passenger/cargo space. Propane fueled vehicles are also not a good option due to the conversion costs, warranty issues, and decreased passenger/cargo space.

DPS reported that utilizing commercially available E85 vehicles is the best option for complying with the requirement that 50 percent of non-emergency vehicles use alternative fuel. Currently DPS has 108 vehicles in the staff transport fleet, and of these, 57 percent are E85 capable. However, due to the limited number of E85 fueling stations, these vehicles are currently using regular gasoline. An E85 fueling station would need to be installed at Austin's headquarters, at \$156,000, to have the best chance of complying with the legislation. Also, the agency would pay an additional \$7,000 per year for the E85 fuel.

The Texas Youth Commission reported that the capital cost to convert 26 vehicles combined with the potential fuel savings results in a cost of approximately \$100,000 per year from FY2010 to FY2014.

The Texas Department of Criminal Justice estimated it would cost \$645,000 (\$500 per conversion kit) to convert at least 50 percent of its fleet to using alternative fuels.

The Texas State Technical College System (TSTC) reported that the cost to develop a program and provide training to agencies converting an existing vehicle to meet the alternative fuels requirements would cost approximately \$500,000 in FY2010 and \$92,000 in FY2011. TSTC estimates that state

agencies would send approximately half of the state's 600 automotive technicians to training, with some technicians participating in two or more types of training (there are 5 types of training identified in the bill). This would result in 350 trainings under the bill (one student taking one course equals one training). Training would cover installation of conversion kits and proper maintenance of these systems once installed.

TSTC anticipates it would charge each state agency \$1,700 per student to cover the direct cost of the training, excluding travel expenses.

The bill would also amend the Government Code to require that at least 20 percent (under current law the requirement is at least 10 percent) of the passenger vehicles purchased by a state agency in any biennium meet or exceed standards to be classified as a Tier II, Bin 3, emissions standard vehicle that has a greenhouse gas score of eight under the Environmental Protection Agency regulations as they exist on September 1, 2007.

The bill would repeal a provision that provided that agencies with fewer than 10 vehicle purchases in a biennium are exempt from the low-emission standards.

An exemption currently allows a state agency to purchase a vehicle that is not low-emission if the vehicle meets the agency's operational need and no such low-emission vehicle is commercially available. The Texas Department of Transportation, the Commission on Environmental Quality, and the Texas Parks and Wildlife Department indicated that some of their vehicle purchases fall under this exemption.

Low-emission vehicles cost approximately \$5,000 to \$7,000 more than traditional vehicles according to various agency responses.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 71D Texas State Technical College - Waco, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety, 551 Department of Agriculture, 582 Commission on Environmental Quality, 601 Department of Transportation, 694 Youth Commission, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

LBB Staff: JOB, PJK, KJG, SD

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 14, 2009

TO: Honorable Burt R. Solomons, Chair, House Committee on State Affairs

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB432 by Lucio III (Relating to the low-emissions vehicles purchasing requirement for certain state agencies.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to require a state agency that purchases 10 or more vehicles in a state fiscal biennium to ensure that at least 20 percent (under current law the requirement is at least 10 percent) of the passenger vehicles purchased in any biennium meet or exceed standards to be classified as a Tier II, Bin 3, emissions standard vehicle that has a greenhouse gas score of eight under the Environmental Protection Agency regulations as they exist on September 1, 2007.

An exemption currently allows a state agency to purchase a vehicle that is not low-emission if the vehicle meets the agency's operational need and no such low-emission vehicle is commercially available. The Texas Department of Transportation, the Commission on Environmental Quality, and the Texas Parks and Wildlife Department indicated that some of their vehicle purchases fall under this exemption.

Low-emission vehicles cost approximately \$5,000 to \$7,000 more than traditional vehicles according to various agency responses.

The agencies contacted indicate that any costs associated with the bill could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 405 Department of Public Safety, 551 Department of Agriculture, 582 Commission on Environmental Quality, 601 Department of Transportation, 696 Department of Criminal Justice, 802 Parks and Wildlife Department

LBB Staff: JOB, KJG, SD, PJK