

1-1 By: Estes S.B. No. 26
 1-2 (In the Senate - Filed January 18, 2017; January 24, 2017,
 1-3 read first time and referred to Committee on Natural Resources &
 1-4 Economic Development; March 6, 2017, reported favorably by the
 1-5 following vote: Yeas 8, Nays 2; March 6, 2017, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10		X		
1-11	X			
1-12	X			
1-13			X	
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18		X		

1-19 A BILL TO BE ENTITLED
 1-20 AN ACT

1-21 relating to the Texas emissions reduction plan and other related
 1-22 programs and measures to reduce emissions.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Sections [2158.004](#)(a), (b), (c), and (d),
 1-25 Government Code, are amended to read as follows:

1-26 (a) A state agency operating a fleet of more than 15
 1-27 vehicles, excluding law enforcement and emergency vehicles, may not
 1-28 purchase or lease a motor vehicle unless that vehicle uses
 1-29 compressed natural gas, liquefied natural gas, liquefied petroleum
 1-30 gas, methanol or methanol/gasoline blends of 85 percent or greater,
 1-31 ethanol or ethanol/gasoline blends of 85 percent or greater,
 1-32 biodiesel or biodiesel/diesel blends of 20 percent or greater,
 1-33 hydrogen fuel cells, or electricity, including electricity to power
 1-34 a plug-in hybrid electric motor vehicle.

1-35 (b) A state agency may obtain equipment or refueling
 1-36 facilities necessary to operate vehicles using compressed natural
 1-37 gas, liquefied natural gas, liquefied petroleum gas, methanol or
 1-38 methanol/gasoline blends of 85 percent or greater, ethanol or
 1-39 ethanol/gasoline blends of 85 percent or greater, biodiesel or
 1-40 biodiesel/diesel blends of 20 percent or greater, hydrogen fuel
 1-41 cells, or electricity, including electricity to power a plug-in
 1-42 hybrid electric motor vehicle:

- 1-43 (1) by purchase or lease as authorized by law;
- 1-44 (2) by gift or loan of the equipment or facilities; or
- 1-45 (3) by gift or loan of the equipment or facilities or
- 1-46 by another arrangement under a service contract for the supply of
- 1-47 compressed natural gas, liquefied natural gas, liquefied petroleum
- 1-48 gas, methanol or methanol/gasoline blends of 85 percent or greater,
- 1-49 ethanol or ethanol/gasoline blends of 85 percent or greater,
- 1-50 biodiesel or biodiesel/diesel blends of 20 percent or greater,
- 1-51 hydrogen fuel cells, or electricity, including electricity to power
- 1-52 a plug-in hybrid electric motor vehicle.

1-53 (c) If the equipment or facilities are donated, loaned, or
 1-54 provided through another arrangement with the supplier of
 1-55 compressed natural gas, liquefied natural gas, liquefied petroleum
 1-56 gas, methanol or methanol/gasoline blends of 85 percent or greater,
 1-57 ethanol or ethanol/gasoline blends of 85 percent or greater,
 1-58 biodiesel or biodiesel/diesel blends of 20 percent or greater,
 1-59 hydrogen fuel cells, or electricity, including electricity to power
 1-60 a plug-in hybrid electric motor vehicle, the supplier is entitled
 1-61 to recoup its actual cost of donating, loaning, or providing the

2-1 equipment or facilities through its fuel charges under the supply
2-2 contract.

2-3 (d) The commission may waive the requirements of this
2-4 section for a state agency on receipt of certification supported by
2-5 evidence acceptable to the commission that:

2-6 (1) the agency's vehicles will be operating primarily
2-7 in an area in which neither the agency nor a supplier has or can
2-8 reasonably be expected to establish adequate refueling for
2-9 compressed natural gas, liquefied natural gas, liquefied petroleum
2-10 gas, methanol or methanol/gasoline blends of 85 percent or greater,
2-11 ethanol or ethanol/gasoline blends of 85 percent or greater,
2-12 biodiesel or biodiesel/diesel blends of 20 percent or greater,
2-13 hydrogen fuel cells, or electricity, including electricity to power
2-14 a plug-in hybrid electric motor vehicle; or

2-15 (2) the agency is unable to obtain equipment or
2-16 refueling facilities necessary to operate vehicles using
2-17 compressed natural gas, liquefied natural gas, liquefied petroleum
2-18 gas, methanol or methanol/gasoline blends of 85 percent or greater,
2-19 ethanol or ethanol/gasoline blends of 85 percent or greater,
2-20 biodiesel or biodiesel/diesel blends of 20 percent or greater,
2-21 hydrogen fuel cells, or electricity, including electricity to power
2-22 a plug-in hybrid electric motor vehicle, at a projected cost that is
2-23 reasonably expected to be no greater than the net costs of continued
2-24 use of conventional gasoline or diesel fuels, measured over the
2-25 expected useful life of the equipment or facilities supplied.

2-26 SECTION 2. Subchapter A, Chapter 2158, Government Code, is
2-27 amended by adding Section 2158.0051 to read as follows:

2-28 Sec. 2158.0051. ALTERNATIVE FUEL FLEETS.

2-29 (a) Notwithstanding the purchase requirements of Section
2-30 2158.004, it is the intent of this state that:

2-31 (1) the vehicle fleet of a state agency that operates a
2-32 fleet of more than 15 motor vehicles, subject to the availability of
2-33 funds, shall be replaced with motor vehicles that use compressed
2-34 natural gas, liquefied natural gas, liquefied petroleum gas,
2-35 hydrogen fuel cells, or electricity, including both fully electric
2-36 motor vehicles and plug-in hybrid electric motor vehicles;

2-37 (2) a county or municipality that operates a vehicle
2-38 fleet of more than 15 motor vehicles is authorized, but is not
2-39 required, to replace the fleet with motor vehicles that use
2-40 compressed natural gas, liquefied natural gas, liquefied petroleum
2-41 gas, hydrogen fuel cells, or electricity, including both fully
2-42 electric motor vehicles and plug-in hybrid electric motor vehicles;
2-43 and

2-44 (3) motor vehicles of a state agency, county, or
2-45 municipality described by Subdivisions (1) and (2) that are capable
2-46 of using fuels described by those subdivisions be primarily
2-47 operated with those fuels rather than conventional gasoline or
2-48 diesel fuels.

2-49 (b) In complying with Subsection (a), a state agency to
2-50 which this section applies shall prioritize:

2-51 (1) the purchase or lease of new motor vehicles,
2-52 including new motor vehicles that are converted to operate on an
2-53 alternative fuel described by Subsection (a)(1), when replacing
2-54 vehicles or adding vehicles to the fleet;

2-55 (2) the purchase of new motor vehicles, including new
2-56 motor vehicles that are converted to operate on an alternative fuel
2-57 described by Subsection (a)(1), to replace vehicles that have the
2-58 highest total mileage and do not use a fuel described by Subsection
2-59 (a)(1); and

2-60 (3) to the extent feasible, obtaining, whether by
2-61 purchase, purchase and conversion, or lease, motor vehicles that
2-62 use compressed natural gas, liquefied natural gas, or liquefied
2-63 petroleum gas.

2-64 (c) Subsection (a)(1) does not apply to law enforcement or
2-65 emergency vehicles.

2-66 SECTION 3. Section 386.001(3), Health and Safety Code, is
2-67 amended to read as follows:

2-68 (3) "Commission" means the Texas ~~Natural Resource~~
2-69 ~~Conservation~~ Commission on Environmental Quality.

3-1 SECTION 4. Section 386.002, Health and Safety Code, is
 3-2 amended to read as follows:

3-3 Sec. 386.002. EXPIRATION. This chapter expires on the last
 3-4 day of the state fiscal biennium during which the commission
 3-5 publishes in the Texas Register certification that, with respect to
 3-6 each national ambient air quality standard for ozone under 40
 3-7 C.F.R. Section 81.344, the United States Environmental Protection
 3-8 Agency has, for each designated area under that section:

3-9 (1) designated the area as attainment or
 3-10 unclassifiable; or

3-11 (2) approved a redesignation substitute making a
 3-12 finding of attainment for the area [August 31, 2019].

3-13 SECTION 5. Section 386.051(b), Health and Safety Code, is
 3-14 amended to read as follows:

3-15 (b) Under the plan, the commission and the comptroller shall
 3-16 provide grants or other funding for:

3-17 (1) the diesel emissions reduction incentive program
 3-18 established under Subchapter C, including for infrastructure
 3-19 projects established under that subchapter;

3-20 (2) the motor vehicle purchase or lease incentive
 3-21 program established under Subchapter D;

3-22 (3) the air quality research support program
 3-23 established under Chapter 387;

3-24 (4) the clean school bus program established under
 3-25 Chapter 390;

3-26 (5) the new technology implementation grant program
 3-27 established under Chapter 391;

3-28 (6) the regional air monitoring program established
 3-29 under Section 386.252(a);

3-30 (7) a health effects study as provided by Section
 3-31 386.252(a);

3-32 (8) air quality planning activities as provided by
 3-33 Section 386.252(d) [~~386.252(a)~~];

3-34 (9) a contract with the Energy Systems Laboratory at
 3-35 the Texas A&M Engineering Experiment Station for computation of
 3-36 creditable statewide emissions reductions as provided by Section
 3-37 386.252(a) [~~386.252(a)(14)~~];

3-38 (10) the clean fleet program established under Chapter
 3-39 392;

3-40 (11) the alternative fueling facilities program
 3-41 established under Chapter 393;

3-42 (12) the natural gas vehicle grant program [~~and clean~~
 3-43 ~~transportation triangle program~~] established under Chapter 394;

3-44 (13) other programs the commission may develop that
 3-45 lead to reduced emissions of nitrogen oxides, particulate matter,
 3-46 or volatile organic compounds in a nonattainment area or affected
 3-47 county;

3-48 (14) other programs the commission may develop that
 3-49 support congestion mitigation to reduce mobile source ozone
 3-50 precursor emissions; [~~and~~]

3-51 (15) the drayage truck incentive program established
 3-52 under Subchapter D-1; and

3-53 (16) the governmental alternative fuel fleet grant
 3-54 program established under Chapter 395.

3-55 SECTION 6. Sections 386.0515(a) and (c), Health and Safety
 3-56 Code, are amended to read as follows:

3-57 (a) In this section:

3-58 (1) "Agricultural [~~," agricultural~~ product
 3-59 transportation" means the transportation of a raw agricultural
 3-60 product from the place of production using a heavy-duty truck to:

3-61 (A) [~~(1)~~] a nonattainment area;

3-62 (B) [~~(2)~~] an affected county;

3-63 (C) [~~(3)~~] a destination inside the clean
 3-64 transportation zone [~~triangle~~]; or

3-65 (D) [~~(4)~~] a county adjacent to a county described
 3-66 by Paragraph (B) [~~Subdivision (2)~~] or that contains an area
 3-67 described by Paragraph (A) or (C) [~~Subdivision (1) or (3)~~].

3-68 (2) "Clean transportation zone" has the meaning
 3-69 assigned by Section 393.001.

4-1 (c) The determining factor for eligibility for
4-2 participation in a program established under Chapter 392 or
4-3 [Chapter] 394 [~~as added by Chapter 892 (Senate Bill No. 385), Acts~~
4-4 ~~of the 82nd Legislature, Regular Session, 2011,~~] for a project
4-5 relating to agricultural product transportation is the overall
4-6 accumulative net reduction in emissions of oxides of nitrogen in a
4-7 nonattainment area, an affected county, or the clean transportation
4-8 zone [~~triangle~~].

4-9 SECTION 7. Section 386.103, Health and Safety Code, is
4-10 amended by adding Subsection (c) to read as follows:

4-11 (c) To reduce the administrative burden for the commission
4-12 and applicants, the commission may streamline the application
4-13 process by:

4-14 (1) reducing data entry and the copying and recopying
4-15 of applications; and

4-16 (2) developing, maintaining, and periodically
4-17 updating a system to accept applications electronically through the
4-18 commission's Internet website.

4-19 SECTION 8. Section 386.104(j), Health and Safety Code, is
4-20 amended to read as follows:

4-21 (j) The executive director may [~~shall~~] waive any
4-22 eligibility requirements established under this section on a
4-23 finding of good cause, which may include a waiver for short lapses
4-24 in registration or operation attributable to economic conditions,
4-25 seasonal work, or other circumstances.

4-26 SECTION 9. Chapter 386, Health and Safety Code, is amended
4-27 by adding Subchapter D to read as follows:

4-28 SUBCHAPTER D. MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE PROGRAM

4-29 Sec. 386.151. DEFINITIONS. In this subchapter:

4-30 (1) "Light-duty motor vehicle" means a motor vehicle
4-31 with a gross vehicle weight rating of less than 10,000 pounds.

4-32 (2) "Motor vehicle" means a self-propelled device
4-33 designed for transporting persons or property on a public highway
4-34 that is required to be registered under Chapter 502, Transportation
4-35 Code.

4-36 Sec. 386.152. APPLICABILITY. The provisions of this
4-37 subchapter relating to a lessee do not apply to a person who rents
4-38 or leases a light-duty motor vehicle for a term of 30 days or less.

4-39 Sec. 386.153. COMMISSION DUTIES REGARDING LIGHT-DUTY MOTOR
4-40 VEHICLE PURCHASE OR LEASE INCENTIVE PROGRAM. (a) The commission
4-41 shall develop a purchase or lease incentive program for new
4-42 light-duty motor vehicles and shall adopt rules necessary to
4-43 implement the program.

4-44 (b) The program shall authorize statewide incentives for
4-45 the purchase or lease of new light-duty motor vehicles powered by
4-46 compressed natural gas, liquefied petroleum gas, or hydrogen fuel
4-47 cell or other electric drives for a purchaser or lessee who agrees
4-48 to register and operate the vehicle in this state for a minimum
4-49 period of time to be established by the commission.

4-50 (c) Only one incentive will be provided for each new
4-51 light-duty motor vehicle. The incentive shall be provided to the
4-52 lessee and not to the purchaser if the motor vehicle is purchased
4-53 for the purpose of leasing the vehicle to another person.

4-54 (d) The commission by rule may revise the standards for the
4-55 maximum unloaded vehicle weight rating and gross vehicle weight
4-56 rating of an eligible vehicle to ensure that all of the vehicle
4-57 weight configurations available under one general vehicle model may
4-58 be eligible for an incentive.

4-59 Sec. 386.154. LIGHT-DUTY MOTOR VEHICLE PURCHASE OR LEASE
4-60 INCENTIVE REQUIREMENTS. (a) A new light-duty motor vehicle
4-61 powered by compressed natural gas or liquefied petroleum gas is
4-62 eligible for a \$5,000 incentive if the vehicle:

4-63 (1) has four wheels;

4-64 (2) was originally manufactured to comply with and has
4-65 been certified by an original equipment manufacturer or
4-66 intermediate or final state vehicle manufacturer as complying with,
4-67 or has been altered to comply with, federal motor vehicle safety
4-68 standards, state emissions regulations, and any additional federal
4-69 or state regulations applicable to vehicles powered by compressed

5-1 natural gas or liquefied petroleum gas;
5-2 (3) was manufactured for use primarily on public
5-3 streets, roads, and highways;
5-4 (4) has a dedicated or bi-fuel compressed natural gas
5-5 or liquefied petroleum gas fuel system:
5-6 (A) installed prior to first sale or within 500
5-7 miles of operation of the vehicle following first sale; and
5-8 (B) with a range of at least 125 miles as
5-9 estimated, published, and updated by the United States
5-10 Environmental Protection Agency;
5-11 (5) has, as applicable, a:
5-12 (A) compressed natural gas fuel system that
5-13 complies with the:
5-14 (i) 2013 NFPA 52 Vehicular Gaseous Fuel
5-15 Systems Code; and
5-16 (ii) American National Standard for Basic
5-17 Requirements for Compressed Natural Gas Vehicle (NGV) Fuel
5-18 Containers, commonly cited as "ANSI/CSA NGV2"; or
5-19 (B) liquefied petroleum gas fuel system that
5-20 complies with:
5-21 (i) the 2011 NFPA 58 Liquefied Petroleum
5-22 Gas Code; and
5-23 (ii) Section VII of the 2013 ASME Boiler and
5-24 Pressure Vessel Code; and
5-25 (6) was acquired on or after September 1, 2013, or a
5-26 later date established by the commission, by the person applying
5-27 for the incentive under this subsection and for use or lease by that
5-28 person and not for resale.
5-29 (b) If the commission determines that an updated version of
5-30 a code or standard described by Subdivision (a)(5) is more
5-31 stringent than the version of the code or standard described by
5-32 Subdivision (a)(5), the commission by rule may provide that a
5-33 vehicle for which a person applies for an incentive under
5-34 Subsection (a) is eligible for the incentive only if the vehicle
5-35 complies with the updated version of the code or standard.
5-36 (c) The incentive under Subsection (a) is limited to 1,000
5-37 vehicles for each state fiscal biennium.
5-38 (d) A new light-duty motor vehicle powered by an electric
5-39 drive is eligible for a \$2,500 incentive if the vehicle:
5-40 (1) has four wheels;
5-41 (2) was manufactured for use primarily on public
5-42 streets, roads, and highways;
5-43 (3) has not been modified from the original
5-44 manufacturer's specifications;
5-45 (4) has a maximum speed capability of at least 55 miles
5-46 per hour;
5-47 (5) is propelled to a significant extent by an
5-48 electric motor that draws electricity from a hydrogen fuel cell or
5-49 from a battery that:
5-50 (A) has a capacity of not less than four kilowatt
5-51 hours; and
5-52 (B) is capable of being recharged from an
5-53 external source of electricity; and
5-54 (6) was acquired on or after September 1, 2013, or a
5-55 later date as established by the commission, by the person applying
5-56 for the incentive under this subsection and for use or lease by that
5-57 person and not for resale.
5-58 (e) The incentive under Subsection (d) is limited to 2,000
5-59 vehicles for each state fiscal biennium.
5-60 Sec. 386.155. MANUFACTURER'S REPORT. (a) At the beginning
5-61 of but not later than July 1 of each year preceding the vehicle
5-62 model year, a manufacturer of motor vehicles, an intermediate or
5-63 final state vehicle manufacturer, or a manufacturer of compressed
5-64 natural gas or liquefied petroleum gas systems shall provide to the
5-65 commission a list of the new vehicle or natural gas or liquefied
5-66 petroleum gas systems models that the manufacturer intends to sell
5-67 in this state during that model year that meet the incentive
5-68 requirements established under Section 386.154. The manufacturer
5-69 or installer may supplement the list provided to the commission

6-1 under this section as necessary to include additional new vehicle
 6-2 models the manufacturer intends to sell in this state during the
 6-3 model year.

6-4 (b) The commission may supplement the information provided
 6-5 under Subsection (a) with additional information on available
 6-6 vehicle models, including information provided by manufacturers or
 6-7 installers of systems to convert new motor vehicles to operate on
 6-8 natural gas or liquefied petroleum gas before sale as a new vehicle
 6-9 or within 500 miles of operation of the vehicle following first
 6-10 sale.

6-11 Sec. 386.156. LIST OF ELIGIBLE MOTOR VEHICLES. (a) On
 6-12 August 1 of each year the commission shall publish a list of new
 6-13 motor vehicle models eligible for inclusion in an incentive under
 6-14 this subchapter. The commission shall publish supplements to that
 6-15 list as necessary to include additional new vehicle models.

6-16 (b) The commission shall publish the list of eligible motor
 6-17 vehicle models on the commission's Internet website.

6-18 Sec. 386.157. LIGHT-DUTY MOTOR VEHICLE PURCHASE OR LEASE
 6-19 INCENTIVE. (a) A person who purchases or leases a new light-duty
 6-20 motor vehicle described by Section 386.154 and listed under Section
 6-21 386.156(a) is eligible to apply for an incentive under this
 6-22 subchapter.

6-23 (b) A lease incentive for a new light-duty motor vehicle
 6-24 shall be prorated based on a three-year lease term.

6-25 (c) To receive money under an incentive program provided by
 6-26 this subchapter, the purchaser or lessee of a new light-duty motor
 6-27 vehicle who is eligible to apply for an incentive under this
 6-28 subchapter shall apply for the incentive in the manner provided by
 6-29 law or by rule of the commission.

6-30 Sec. 386.158. COMMISSION TO ACCOUNT FOR MOTOR VEHICLE
 6-31 PURCHASE OR LEASE INCENTIVES. (a) The commission by rule shall
 6-32 develop a method to administer and account for the motor vehicle
 6-33 purchase or lease incentives authorized by this subchapter and to
 6-34 pay incentive money to the purchaser or lessee of a new motor
 6-35 vehicle, on application of the purchaser or lessee as provided by
 6-36 this subchapter.

6-37 (b) The commission shall develop and publish forms and
 6-38 instructions for the purchaser or lessee of a new motor vehicle to
 6-39 use in applying to the commission for an incentive payment under
 6-40 this subchapter. The commission shall make the forms available to
 6-41 new motor vehicle dealers and leasing agents. Dealers and leasing
 6-42 agents shall make the forms available to their prospective
 6-43 purchasers or lessees.

6-44 (c) The commission may require the submission of forms and
 6-45 documentation as needed to verify eligibility for an incentive
 6-46 under this subchapter.

6-47 Sec. 386.159. PURCHASE OR LEASE INCENTIVES INFORMATION.

6-48 (a) The commission shall establish a toll-free telephone number
 6-49 available to motor vehicle dealers and leasing agents for the
 6-50 dealers and agents to call to verify that incentives are available.
 6-51 The commission may provide for issuing verification numbers over
 6-52 the telephone line.

6-53 (b) Reliance by a dealer or leasing agent on information
 6-54 provided by the commission is a complete defense to an action
 6-55 involving or based on eligibility of a vehicle for an incentive or
 6-56 availability of vehicles eligible for an incentive.

6-57 Sec. 386.160. RESERVATION OF INCENTIVES. The commission
 6-58 may provide for dealers and leasing agents to reserve for a limited
 6-59 time period incentives for vehicles that are not readily available
 6-60 and must be ordered, if the dealer or leasing agent has a purchase
 6-61 or lease order signed by an identified customer.

6-62 SECTION 10. Section 386.181(a), Health and Safety Code, is
 6-63 amended to read as follows:

6-64 (a) In this subchapter, "drayage truck" means a truck or
 6-65 land-based equipment that transports a load to, ~~or~~ from, or in a
 6-66 seaport or rail yard.

6-67 SECTION 11. Section 386.182(a), Health and Safety Code, is
 6-68 amended to read as follows:

6-69 (a) The commission shall:

7-1 (1) develop a purchase incentive program to encourage
7-2 owners to replace drayage trucks with pre-2007 model year engines
7-3 or engines certified to an emission rate equivalent to a pre-2007
7-4 model year engine; and
7-5 (2) ~~[with newer drayage trucks and shall]~~ adopt
7-6 guidelines necessary to implement the program described by
7-7 Subdivision (1).
7-8 SECTION 12. Section 386.252, Health and Safety Code, is
7-9 amended to read as follows:
7-10 Sec. 386.252. USE OF FUND. (a) Money in the fund may be
7-11 used only to implement and administer programs established under
7-12 the plan. Subject to the reallocation of funds by the commission
7-13 under Subsection (g), money ~~[Money]~~ appropriated to the commission
7-14 to be used for the programs under Section 386.051(b) shall
7-15 initially be allocated as follows:
7-16 (1) ~~[not more than]~~ four percent may be used for the
7-17 clean school bus program under Chapter 390;
7-18 (2) ~~[not more than]~~ three percent may be used for the
7-19 new technology implementation grant program under Chapter 391, from
7-20 which at least \$1 million will be set aside for electricity storage
7-21 projects related to renewable energy;
7-22 (3) five percent may ~~[shall]~~ be used for the clean
7-23 fleet program under Chapter 392;
7-24 (4) not more than \$3 million may be used by the
7-25 commission to fund a regional air monitoring program in commission
7-26 Regions 3 and 4 to be implemented under the commission's oversight,
7-27 including direction regarding the type, number, location, and
7-28 operation of, and data validation practices for, monitors funded by
7-29 the program through a regional nonprofit entity located in North
7-30 Texas having representation from counties, municipalities, higher
7-31 education institutions, and private sector interests across the
7-32 area;
7-33 (5) ~~[not less than]~~ 16 percent may ~~[shall]~~ be used for
7-34 the Texas natural gas vehicle grant program under Chapter 394;
7-35 (6) 10 ~~[not more than five]~~ percent may be used ~~[to~~
7-36 ~~provide grants for natural gas fueling stations under the clean~~
7-37 ~~transportation triangle program under Section 394.010,~~
7-38 ~~[(7) not more than five percent may be used]~~ for the
7-39 Texas alternative fueling facilities program under Chapter 393, of
7-40 which a specified amount may be used for fueling stations to provide
7-41 natural gas fuel;
7-42 (7) ~~[(8)]~~ a specified amount may be used each year to
7-43 support research related to air quality as provided by Chapter 387;
7-44 (8) ~~[(9)]~~ not more than \$200,000 may be used for a
7-45 health effects study~~+~~
7-46 ~~[(10) \$500,000 is to be deposited in the state treasury~~
7-47 ~~to the credit of the clean air account created under Section~~
7-48 ~~382.0622 to supplement funding for air quality planning activities~~
7-49 ~~in affected counties];~~
7-50 (9) ~~[(11)]~~ at least \$4 million and up to four percent
7-51 to a maximum of \$7 million, whichever is greater, is allocated to
7-52 the commission for administrative costs and costs for conducting
7-53 outreach and education activities to promote participation in the
7-54 programs funded under this section;
7-55 (10) ~~[(12) at least]~~ two percent ~~[and up to five~~
7-56 ~~percent of the fund]~~ is to be used by the commission for the drayage
7-57 truck incentive program established under Subchapter D-1;
7-58 (11) ~~[(13) not more than]~~ five percent may be used for
7-59 the light-duty motor vehicle purchase or lease incentive program
7-60 established under Subchapter D;
7-61 (12) ~~[(14)]~~ not more than \$216,000 is allocated to the
7-62 commission to contract with the Energy Systems Laboratory at the
7-63 Texas A&M Engineering Experiment Station annually for the
7-64 development and annual computation of creditable statewide
7-65 emissions reductions obtained through wind and other renewable
7-66 energy resources for the state implementation plan;
7-67 ~~[(15) 1.5 percent of the money in the fund is allocated~~
7-68 ~~for administrative costs incurred by the laboratory,]~~ and
7-69 (13) ~~[(16)]~~ the balance is to be used by the

8-1 commission for the diesel emissions reduction incentive program
8-2 under Subchapter C as determined by the commission.

8-3 (b) ~~[The commission may allocate unexpended money~~
8-4 ~~designated for the clean fleet program under Chapter 392 to other~~
8-5 ~~programs described under Subsection (a) after the commission~~
8-6 ~~allocates money to recipients under the clean fleet program.~~

8-7 ~~[(c) The commission may allocate unexpended money~~
8-8 ~~designated for the Texas alternative fueling facilities program~~
8-9 ~~under Chapter 393 to other programs described under Subsection (a)~~
8-10 ~~after the commission allocates money to recipients under the~~
8-11 ~~alternative fueling facilities program.~~

8-12 ~~[(d) The commission may reallocate money designated for the~~
8-13 ~~Texas natural gas vehicle grant program under Chapter 394 to other~~
8-14 ~~programs described under Subsection (a) if:~~

8-15 ~~[(1) the commission, in consultation with the governor~~
8-16 ~~and the advisory board, determines that the use of the money in the~~
8-17 ~~fund for that program will cause the state to be in noncompliance~~
8-18 ~~with the state implementation plan to the extent that federal~~
8-19 ~~action is likely; and~~

8-20 ~~[(2) the commission finds that the reallocation of~~
8-21 ~~some or all of the funding for the program would resolve the~~
8-22 ~~noncompliance.~~

8-23 ~~[(e) Under Subsection (d), the commission may not~~
8-24 ~~reallocate more than the minimum amount of money necessary to~~
8-25 ~~resolve the noncompliance.~~

8-26 ~~[(e-1) Money allocated under Subsection (a) to a particular~~
8-27 ~~program may be used for another program under the plan as determined~~
8-28 ~~by the commission.~~

8-29 ~~[(f)] Money in the fund may be used by the commission for~~
8-30 ~~programs under Sections 386.051(b)(13), (b)(14), and (b-1) as may~~
8-31 ~~be appropriated for those programs.~~

8-32 ~~(c) [(g)] If the legislature does not specify amounts or~~
8-33 ~~percentages from the total appropriation to the commission to be~~
8-34 ~~allocated under Subsection (a) or (b) [(f)], the commission shall~~
8-35 ~~determine the amounts of the total appropriation to be allocated~~
8-36 ~~under each of those subsections, such that the total appropriation~~
8-37 ~~is expended while maximizing emissions reductions.~~

8-38 ~~(d) To supplement funding for air quality planning~~
8-39 ~~activities in affected counties, \$500,000 from the fund is to be~~
8-40 ~~deposited annually in the state treasury to the credit of the clean~~
8-41 ~~air account created under Section 382.0622.~~

8-42 ~~(e) Money in the fund may be allocated for administrative~~
8-43 ~~costs incurred by the Energy Systems Laboratory at the Texas A&M~~
8-44 ~~Engineering Experiment Station as may be appropriated by the~~
8-45 ~~legislature.~~

8-46 ~~(f) To the extent that money is appropriated from the fund~~
8-47 ~~for that purpose, the commission may use that money to award grants~~
8-48 ~~under the governmental alternative fuel fleet grant program~~
8-49 ~~established under Chapter 395, except that the commission may not~~
8-50 ~~use for that purpose more than three percent of the balance of the~~
8-51 ~~fund as of September 1 of each state fiscal year of the biennium for~~
8-52 ~~the governmental alternative fuel fleet grant program in that~~
8-53 ~~fiscal year.~~

8-54 ~~(g) [(h)] Subject to the limitations outlined in this~~
8-55 ~~section and any additional limitations placed on the use of the~~
8-56 ~~appropriated funds, money allocated under this section to a~~
8-57 ~~particular program may be used for another program under the plan as~~
8-58 ~~determined by the commission, based on demand for grants for~~
8-59 ~~eligible projects under particular programs after the commission~~
8-60 ~~solicits projects to which to award grants according to the initial~~
8-61 ~~allocation provisions of this section.~~

8-62 SECTION 13. Section 390.002(b), Health and Safety Code, is
8-63 amended to read as follows:

8-64 (b) Projects that may be considered for a grant under the
8-65 program include:

8-66 (1) diesel oxidation catalysts for school buses built
8-67 before 1994;

8-68 (2) diesel particulate filters for school buses built
8-69 from 1994 to 1998;

- 9-1 (3) the purchase and use of emission-reducing add-on
- 9-2 equipment for school buses, including devices that reduce crankcase
- 9-3 emissions;
- 9-4 (4) the use of qualifying fuel; ~~and~~
- 9-5 (5) other technologies that the commission finds will
- 9-6 bring about significant emissions reductions; and
- 9-7 (6) replacement of a pre-2007 model year school bus.

9-8 SECTION 14. Section 390.004, Health and Safety Code, is

9-9 amended by adding Subsections (c) and (d) to read as follows:

- 9-10 (c) A school bus proposed for replacement must:
- 9-11 (1) be of model year 2006 or earlier;
 - 9-12 (2) have been owned and operated by the applicant for
 - 9-13 at least the two years before submission of the grant application;
 - 9-14 (3) be in good operational condition; and
 - 9-15 (4) be currently used on a regular, daily route to and
 - 9-16 from a school.

9-17 (d) A school bus proposed for purchase to replace a pre-2007

9-18 model year school bus must be of the current model year or the year

9-19 before the current model year at the time of submission of the grant

9-20 application.

9-21 SECTION 15. Section 390.005, Health and Safety Code, is

9-22 amended to read as follows:

9-23 Sec. 390.005. RESTRICTION ON USE OF GRANT. (a) A

9-24 recipient of a grant under this chapter shall use the grant to pay

9-25 the incremental costs of the project for which the grant is made,

9-26 which may include the reasonable and necessary expenses incurred

9-27 for the labor needed to install emissions-reducing equipment. The

9-28 recipient may not use the grant to pay the recipient's

9-29 administrative expenses.

9-30 (b) A school bus acquired to replace an existing school bus

9-31 must be purchased and the grant recipient must agree to own and

9-32 operate the school bus on a regular, daily route to and from a

9-33 school for at least five years after a start date established by the

9-34 commission, based on the date the commission accepts documentation

9-35 of the destruction of the school bus being replaced.

9-36 (c) A school bus replaced under this program must be

9-37 rendered permanently inoperable by crushing the bus, by making a

9-38 hole in the engine block and permanently destroying the frame of the

9-39 bus, or by another method approved by the commission, or be

9-40 permanently removed from operation in this state. The commission

9-41 shall establish criteria for ensuring the permanent destruction or

9-42 permanent removal of the engine or bus. The commission shall

9-43 enforce the destruction and removal requirements. For purposes of

9-44 this subsection, "permanent removal" means the permanent export of

9-45 the bus or engine to a destination outside of the United States,

9-46 Canada, or the United Mexican States.

9-47 SECTION 16. Section 390.006, Health and Safety Code, is

9-48 amended to read as follows:

9-49 Sec. 390.006. EXPIRATION. This chapter expires on the last

9-50 day of the state fiscal biennium during which the commission

9-51 publishes in the Texas Register certification that, with respect to

9-52 each national ambient air quality standard for ozone under 40

9-53 C.F.R. Section 81.344, the United States Environmental Protection

9-54 Agency has, for each designated area under that section:

- 9-55 (1) designated the area as attainment or
- 9-56 unclassifiable; or
- 9-57 (2) approved a redesignation substitute making a
- 9-58 finding of attainment for the area ~~[August 31, 2019]~~.

9-59 SECTION 17. Section 391.002(b), Health and Safety Code, is

9-60 amended to read as follows:

9-61 (b) Projects that may be considered for a grant under the

9-62 program include:

- 9-63 (1) advanced clean energy projects, as defined by
- 9-64 Section 382.003;
- 9-65 (2) new technology projects that reduce emissions of
- 9-66 regulated pollutants from stationary ~~[point]~~ sources;
- 9-67 (3) new technology projects that reduce emissions from
- 9-68 upstream and midstream oil and gas production, completions,
- 9-69 gathering, storage, processing, and transmission activities

10-1 through:

10-2 (A) the replacement, repower, or retrofit of
10-3 stationary compressor engines; or

10-4 (B) the installation of systems to reduce or
10-5 eliminate the loss of gas, flaring of gas, or burning of gas using
10-6 other combustion control devices; and

10-7 (4) ~~[(3)]~~ electricity storage projects related to
10-8 renewable energy, including projects to store electricity produced
10-9 from wind and solar generation that provide efficient means of
10-10 making the stored energy available during periods of peak energy
10-11 use.

10-12 SECTION 18. Section 391.205(a), Health and Safety Code, is
10-13 amended to read as follows:

10-14 (a) Except as provided by Subsection (c), in awarding grants
10-15 under this chapter the commission shall give preference to projects
10-16 that:

10-17 (1) involve the transport, use, recovery for use, or
10-18 prevention of the loss of natural resources originating or produced
10-19 in this state;

10-20 (2) contain an energy efficiency component; or

10-21 (3) include the use of solar, wind, or other renewable
10-22 energy sources.

10-23 SECTION 19. Section 391.304, Health and Safety Code, is
10-24 amended to read as follows:

10-25 Sec. 391.304. EXPIRATION. This chapter expires on the last
10-26 day of the state fiscal biennium during which the commission
10-27 publishes in the Texas Register certification that, with respect to
10-28 each national ambient air quality standard for ozone under 40
10-29 C.F.R. Section 81.344, the United States Environmental Protection
10-30 Agency has, for each designated area under that section:

10-31 (1) designated the area as attainment or
10-32 unclassifiable; or

10-33 (2) approved a redesignation substitute making a
10-34 finding of attainment for the area [August 31, 2019].

10-35 SECTION 20. Section 392.001(1), Health and Safety Code, is
10-36 amended to read as follows:

10-37 (1) "Alternative fuel" means a fuel other than
10-38 gasoline or diesel fuel, including electricity, compressed natural
10-39 gas, liquefied [liquified] natural gas, hydrogen, propane, or a
10-40 mixture of fuels containing at least 85 percent methanol by volume.

10-41 SECTION 21. Section 392.003(a), Health and Safety Code, is
10-42 amended to read as follows:

10-43 (a) A vehicle is a qualifying vehicle that may be considered
10-44 for a grant under the program if during the eligibility period
10-45 established by the commission [calendar year] the entity purchases
10-46 a new on-road vehicle that:

10-47 (1) is certified to the appropriate current federal
10-48 emissions standards as determined by the commission;

10-49 (2) replaces a diesel-powered on-road vehicle of the
10-50 same weight classification and use; and

10-51 (3) is a hybrid vehicle or fueled by an alternative
10-52 fuel.

10-53 SECTION 22. Section 392.004(d), Health and Safety Code, is
10-54 amended to read as follows:

10-55 (d) The commission shall minimize, to the maximum extent
10-56 possible, the amount of paperwork required for an application. [~~An~~
10-57 ~~applicant may be required to submit a photograph or other~~
10-58 ~~documentation of a vehicle identification number, registration~~
10-59 ~~information, inspection information, tire condition, or engine~~
10-60 ~~block identification only if the photograph or documentation is~~
10-61 ~~requested by the commission after the commission has decided to~~
10-62 ~~award a grant to the applicant under this chapter.]~~

10-63 SECTION 23. Section 392.005, Health and Safety Code, is
10-64 amended by amending Subsections (c) and (i) and adding Subsection
10-65 (c-1) to read as follows:

10-66 (c) As a condition of receiving a grant, the qualifying
10-67 vehicle must be continuously owned, registered, and operated in the
10-68 state by the grant recipient until the earlier of the fifth
10-69 anniversary of the activity start date established by the

11-1 commission [the date of reimbursement of the grant-funded expenses]
 11-2 or [until] the date the vehicle has been in operation for 400,000
 11-3 miles after the activity start date established by the commission
 11-4 [of reimbursement]. Not less than 75 percent of the annual use of
 11-5 the qualifying vehicle, either mileage or fuel use as determined by
 11-6 the commission, must occur in the state.

11-7 (c-1) For purposes of Subsection (c), the commission shall
 11-8 establish the activity start date based on the date the commission
 11-9 accepts verification of the disposition of the vehicle being
 11-10 replaced.

11-11 (i) The executive director may [shall] waive the
 11-12 requirements of Subsection (b)(2)(A) on a finding of good cause,
 11-13 which may include a waiver for short lapses in registration or
 11-14 operation attributable to economic conditions, seasonal work, or
 11-15 other circumstances.

11-16 SECTION 24. Section 392.008, Health and Safety Code, is
 11-17 amended to read as follows:

11-18 Sec. 392.008. EXPIRATION. This chapter expires on the last
 11-19 day of the state fiscal biennium during which the commission
 11-20 publishes in the Texas Register certification that, with respect to
 11-21 each national ambient air quality standard for ozone under 40
 11-22 C.F.R. Section 81.344, the United States Environmental Protection
 11-23 Agency has, for each designated area under that section:

11-24 (1) designated the area as attainment or
 11-25 unclassifiable; or

11-26 (2) approved a redesignation substitute making a
 11-27 finding of attainment for the area [August 31, 2017].

11-28 SECTION 25. Section 393.001, Health and Safety Code, is
 11-29 amended by amending Subdivision (1) and adding Subdivisions (1-a)
 11-30 and (4) to read as follows:

11-31 (1) "Alternative fuel" means a fuel other than
 11-32 gasoline or diesel fuel, other than biodiesel fuel, including
 11-33 electricity, compressed natural gas, liquefied [liquified] natural
 11-34 gas, hydrogen, propane, or a mixture of fuels containing at least 85
 11-35 percent methanol by volume.

11-36 (1-a) "Clean transportation zone" means:

11-37 (A) counties containing or intersected by a
 11-38 portion of an interstate highway connecting the cities of Houston,
 11-39 San Antonio, Dallas, and Fort Worth;

11-40 (B) counties located within the area bounded by
 11-41 the interstate highways described by Paragraph (A);

11-42 (C) counties containing or intersected by a
 11-43 portion of:

11-44 (i) an interstate highway connecting San
 11-45 Antonio to Corpus Christi or Laredo; or

11-46 (ii) a state highway connecting Corpus
 11-47 Christi and Laredo;

11-48 (D) counties located within the area bounded by
 11-49 the highways described by Paragraph (C);

11-50 (E) counties in this state all or part of which
 11-51 are included in a nonattainment area designated under Section
 11-52 107(d) of the federal Clean Air Act (42 U.S.C. Section 7407); and

11-53 (F) counties designated as affected counties
 11-54 under Section 386.001.

11-55 (4) "State highway" means a highway in this state
 11-56 included in the plan providing for a system of state highways
 11-57 prepared by the executive director of the Texas Department of
 11-58 Transportation under Section 201.103, Transportation Code.

11-59 SECTION 26. Section 393.002, Health and Safety Code, is
 11-60 amended to read as follows:

11-61 Sec. 393.002. PROGRAM. (a) The commission shall establish
 11-62 and administer the Texas alternative fueling facilities program to
 11-63 provide fueling facilities for alternative fuel in the clean
 11-64 transportation zone [nonattainment areas]. Under the program, the
 11-65 commission shall provide a grant for each eligible facility to
 11-66 offset the cost of those facilities.

11-67 (b) An entity that constructs or [] reconstructs [] or
 11-68 acquires an alternative fueling facility is eligible to
 11-69 participate in the program.

12-1 (c) To ensure that alternative fuel vehicles have access to
 12-2 fuel and to build the foundation for a self-sustaining market for
 12-3 alternative fuels in Texas, the commission shall provide for
 12-4 strategically placed fueling facilities in the clean
 12-5 transportation zone to enable an alternative fuel vehicle to travel
 12-6 in those areas relying solely on the alternative fuel.

12-7 (d) The commission shall maintain a listing to be made
 12-8 available to the public online of all vehicle fueling facilities
 12-9 that have received grant funding, including location and hours of
 12-10 operation.

12-11 SECTION 27. Section 393.003, Health and Safety Code, is
 12-12 amended by amending Subsections (a) and (b) and adding Subsections
 12-13 (d) and (e) to read as follows:

12-14 (a) An entity operating in this state that constructs or~~[r]~~
 12-15 reconstructs~~[, or acquires]~~ a facility to ~~[store, compress, or]~~
 12-16 dispense alternative fuels may apply for and receive a grant under
 12-17 the program.

12-18 (b) The commission may ~~[adopt guidelines to]~~ allow a
 12-19 regional planning commission, council of governments, or similar
 12-20 regional planning agency created under Chapter 391, Local
 12-21 Government Code, or a private nonprofit organization to apply for
 12-22 and receive a grant to improve the ability of the program to achieve
 12-23 its goals.

12-24 (d) An application for a grant under the program must
 12-25 include a certification that the applicant complies with laws,
 12-26 rules, guidelines, and requirements applicable to taxation of fuel
 12-27 provided by the applicant at each fueling facility owned or
 12-28 operated by the applicant. The commission may terminate a grant
 12-29 awarded under this section without further obligation to the grant
 12-30 recipient if the commission determines that the recipient did not
 12-31 comply with a law, rule, guideline, or requirement described by
 12-32 this subsection. This subsection does not create a cause of action
 12-33 to contest an application or award of a grant.

12-34 (e) The commission shall disburse grants under the program
 12-35 through a competitive application selection process to offset a
 12-36 portion of the eligible costs.

12-37 SECTION 28. Section 393.004, Health and Safety Code, is
 12-38 amended to read as follows:

12-39 Sec. 393.004. ELIGIBILITY OF FACILITIES FOR GRANTS.

12-40 (a) In addition to the requirements of this chapter, the
 12-41 commission shall establish additional eligibility and
 12-42 prioritization criteria as needed to implement the program ~~[The~~
 12-43 ~~commission by rule shall establish criteria for prioritizing~~
 12-44 ~~facilities eligible to receive grants under this chapter. The~~
 12-45 ~~commission shall review and revise the criteria as appropriate].~~

12-46 (b) The prioritization criteria established under
 12-47 Subsection (a) must provide that, for each grant round, the
 12-48 commission may not award a grant to an entity that does not ~~[To be~~
 12-49 ~~eligible for a grant under the program, the entity receiving the~~
 12-50 ~~grant must]~~ agree to make the alternative fueling facility
 12-51 accessible and available to the public ~~[persons not associated with~~
 12-52 ~~the entity]~~ at times designated by the grant contract until each
 12-53 eligible entity that does agree to those terms has been awarded a
 12-54 grant ~~[agreement].~~

12-55 (c) The commission may not award more than one grant for
 12-56 each facility.

12-57 (d) The commission may give preference to or otherwise limit
 12-58 grant selections to:

12-59 (1) fueling facilities providing specific types of
 12-60 alternative fuels;

12-61 (2) fueling facilities in a specified area or
 12-62 location; and

12-63 (3) fueling facilities meeting other specified
 12-64 prioritization criteria established by the commission.

12-65 (e) For fueling facilities to provide natural gas, the
 12-66 commission shall give preference to:

12-67 (1) facilities providing both liquefied natural gas
 12-68 and compressed natural gas at a single location;

12-69 (2) facilities located not more than one mile from an

13-1 interstate highway system;
 13-2 (3) facilities located in the area in and between the
 13-3 Houston, San Antonio, and Dallas-Fort Worth areas; and

13-4 (4) facilities located in the area in and between the
 13-5 Corpus Christi, Laredo, and San Antonio areas [A recipient of a
 13-6 grant under this chapter is not eligible to receive a second grant
 13-7 under this chapter for the same facility].

13-8 SECTION 29. Section 393.005, Health and Safety Code, is
 13-9 amended to read as follows:

13-10 Sec. 393.005. RESTRICTION ON USE OF GRANT. (a) A
 13-11 recipient of a grant under this chapter shall use the grant only to
 13-12 pay the costs of the facility for which the grant is made. The
 13-13 recipient may not use the grant to pay the recipient's:

13-14 (1) administrative expenses;

13-15 (2) expenses for the purchase of land or an interest in
 13-16 land; or

13-17 (3) expenses for equipment or facility improvements
 13-18 that are not directly related to the delivery, storage,
 13-19 compression, or dispensing of the alternative fuel at the facility.

13-20 (b) Each grant must be awarded using a contract that
 13-21 requires the recipient to meet operational, maintenance, and
 13-22 reporting requirements as specified by the commission.

13-23 SECTION 30. Section 393.006, Health and Safety Code, is
 13-24 amended to read as follows:

13-25 Sec. 393.006. AMOUNT OF GRANT. (a) Grants awarded under
 13-26 this chapter for a facility to provide alternative fuels other than
 13-27 natural gas may not exceed ~~[For each eligible facility for which a~~
 13-28 ~~recipient is awarded a grant under the program, the commission~~
 13-29 ~~shall award the grant in an amount equal to]~~ the lesser of:

13-30 (1) 50 percent of the sum of the actual eligible costs
 13-31 incurred by the grant recipient within deadlines established by the
 13-32 commission [to construct, reconstruct, or acquire the facility]; or

13-33 (2) \$600,000.

13-34 (b) Grants awarded under this chapter for a facility to
 13-35 provide natural gas may not exceed:

13-36 (1) \$400,000 for a compressed natural gas facility;

13-37 (2) \$400,000 for a liquefied natural gas facility; or

13-38 (3) \$600,000 for a facility providing both liquefied
 13-39 and compressed natural gas.

13-40 SECTION 31. Section 393.007, Health and Safety Code, is
 13-41 amended to read as follows:

13-42 Sec. 393.007. EXPIRATION. This chapter expires on the last
 13-43 day of the state fiscal biennium during which the commission
 13-44 publishes in the Texas Register certification that, with respect to
 13-45 each national ambient air quality standard for ozone under 40
 13-46 C.F.R. Section 81.344, the United States Environmental Protection
 13-47 Agency has, for each designated area under that section:

13-48 (1) designated the area as attainment or
 13-49 unclassifiable; or

13-50 (2) approved a redesignation substitute making a
 13-51 finding of attainment for the area [August 31, 2018].

13-52 SECTION 32. Section 394.001, Health and Safety Code, is
 13-53 amended by amending Subdivisions (1), (4), (5), and (8) and adding
 13-54 Subdivisions (1-a) and (7-a) to read as follows:

13-55 (1) "Clean transportation zone" has the meaning
 13-56 assigned by Section 393.001 ["Advisory board" means the Texas
 13-57 Emissions Reduction Plan Advisory Board].

13-58 (1-a) "Certified" includes:

13-59 (A) new vehicle or new engine certification by
 13-60 the United States Environmental Protection Agency; or

13-61 (B) certification or approval by the United
 13-62 States Environmental Protection Agency of a system to convert a

13-63 vehicle or engine to operate on an alternative fuel and a
 13-64 demonstration by the emissions data used to certify or approve the

13-65 vehicle or engine, if the commission determines the testing used to
 13-66 obtain the emissions data is consistent with the testing required

13-67 for approval of an alternative fuel conversion system for new and
 13-68 relatively new vehicles or engines under 40 C.F.R. Part 85.

13-69 (4) "Heavy-duty motor vehicle" means a motor vehicle

14-1 that [with]:

14-2 (A) has a gross vehicle weight rating of more
14-3 than 8,500 pounds; and

14-4 (B) is certified to or has an engine certified to
14-5 the United States Environmental Protection Agency's emissions
14-6 standards for heavy-duty vehicles or engines.

14-7 (5) "Incremental cost" has the meaning assigned by
14-8 Section 386.001 [means the difference between the manufacturer's
14-9 suggested retail price of a baseline vehicle, the documented dealer
14-10 price of a baseline vehicle, cost to lease or otherwise
14-11 commercially finance a baseline vehicle, cost to repower with a
14-12 baseline engine, or other appropriate baseline cost established by
14-13 the commission, and the actual cost of the natural gas vehicle
14-14 purchase, lease, or other commercial financing, or repower].

14-15 (7-a) "Natural gas engine" means an engine that
14-16 operates:

14-17 (A) solely on compressed or liquefied natural
14-18 gas; or

14-19 (B) on a combination of diesel fuel and
14-20 compressed or liquefied natural gas and is capable of achieving at
14-21 least 60 percent displacement of diesel fuel with natural gas.

14-22 (8) "Natural gas vehicle" means a motor vehicle that
14-23 is powered by a natural gas engine [receives not less than 75
14-24 percent of its power from compressed or liquefied natural gas].

14-25 SECTION 33. Section 394.003(a), Health and Safety Code, is
14-26 amended to read as follows:

14-27 (a) A vehicle is a qualifying vehicle that may be considered
14-28 for a grant under the program if during the eligibility period
14-29 established by the commission [calendar year] the entity:

14-30 (1) purchased, leased, or otherwise commercially
14-31 financed the vehicle as a new on-road heavy-duty or medium-duty
14-32 motor vehicle that:

14-33 (A) is a natural gas vehicle;

14-34 (B) is certified to the appropriate current
14-35 federal emissions standards as determined by the commission; and

14-36 (C) replaces an on-road heavy-duty or
14-37 medium-duty motor vehicle of the same weight classification and
14-38 use; [and

14-39 ~~[(D) is powered by an engine certified to:~~

14-40 ~~[(i) emit not more than 0.2 grams of~~
14-41 ~~nitrogen oxides per brake horsepower hour; or~~

14-42 ~~[(ii) meet or exceed the United States~~
14-43 ~~Environmental Protection Agency's Bin 5 standard for light-duty~~
14-44 ~~engines when powering the vehicle;] or~~

14-45 (2) repowered the on-road motor vehicle to a natural
14-46 gas vehicle powered by a natural gas engine that [+

14-47 ~~[(A)]~~ is certified to the appropriate current
14-48 federal emissions standards as determined by the commission [; and

14-49 ~~[(B) is:~~

14-50 ~~[(i) a heavy-duty engine that is certified~~
14-51 ~~to emit not more than 0.2 grams of nitrogen oxides per brake~~
14-52 ~~horsepower hour; or~~

14-53 ~~[(ii) certified to meet or exceed the~~
14-54 ~~United States Environmental Protection Agency's Bin 5 standard for~~
14-55 ~~light-duty engines when powering the vehicle].~~

14-56 SECTION 34. Section 394.005, Health and Safety Code, is
14-57 amended by amending Subsections (a), (b), (c), (f), (g), and (i) and
14-58 adding Subsection (c-1) to read as follows:

14-59 (a) The commission ~~[by rule]~~ shall establish criteria for
14-60 prioritizing qualifying vehicles eligible to receive grants under
14-61 this chapter. The commission shall review and revise the criteria
14-62 as appropriate ~~[after consultation with the advisory board].~~

14-63 (b) To be eligible for a grant under the program:

14-64 (1) the use of the qualifying vehicle must be
14-65 projected to result in a reduction in emissions of nitrogen oxides
14-66 of at least 25 percent as compared to the motor vehicle or engine
14-67 being replaced, based on:

14-68 (A) the baseline emission level set by the
14-69 commission under Subsection (g); and

15-1 (B) the certified emission rate of the new
 15-2 vehicle; and
 15-3 (2) the qualifying vehicle must:
 15-4 (A) replace a heavy-duty or medium-duty motor
 15-5 vehicle that:
 15-6 (i) is an on-road vehicle that has been
 15-7 owned, leased, or otherwise commercially financed and registered
 15-8 and operated by the applicant in Texas for at least the two years
 15-9 immediately preceding the submission of a grant application;
 15-10 (ii) satisfies any minimum average annual
 15-11 mileage or fuel usage requirements established by the commission;
 15-12 (iii) satisfies any minimum percentage of
 15-13 annual usage requirements established by the commission; and
 15-14 (iv) is in operating condition and has at
 15-15 least two years of remaining useful life, as determined in
 15-16 accordance with criteria established by the commission; ~~or~~
 15-17 (B) replace a heavy-duty or medium-duty motor
 15-18 vehicle that:
 15-19 (i) is owned by the applicant;
 15-20 (ii) is an on-road vehicle that has been:
 15-21 (a) owned, leased, or otherwise
 15-22 commercially financed and operated in Texas as a fleet vehicle for
 15-23 at least the two years immediately preceding the submission of a
 15-24 grant application; and
 15-25 (b) registered in a county located in
 15-26 a nonattainment or near-nonattainment area for at least the two
 15-27 years immediately preceding the submission of a grant application;
 15-28 and
 15-29 (iii) otherwise satisfies the mileage,
 15-30 usage, and useful life requirements established under Paragraph (A)
 15-31 as determined by documentation associated with the vehicle; or
 15-32 (C) be a heavy-duty or medium-duty motor vehicle
 15-33 repowered with a natural gas engine that:
 15-34 (i) is installed in an on-road vehicle that
 15-35 has been owned, leased, or otherwise commercially financed and
 15-36 registered and operated by the applicant in Texas for at least the
 15-37 two years immediately preceding the submission of a grant
 15-38 application;
 15-39 (ii) satisfies any minimum average annual
 15-40 mileage or fuel usage requirements established by the commission;
 15-41 (iii) satisfies any minimum percentage of
 15-42 annual usage requirements established by the commission; and
 15-43 (iv) is installed in an on-road vehicle
 15-44 that, at the time of the vehicle's repowering, was in operating
 15-45 condition and had at least two years of remaining useful life, as
 15-46 determined in accordance with criteria established by the
 15-47 commission.
 15-48 (c) As a condition of receiving a grant, the qualifying
 15-49 vehicle must be continuously owned, leased, or otherwise
 15-50 commercially financed and registered and operated in the state by
 15-51 the grant recipient until the earlier of the fourth anniversary of
 15-52 the activity start date established by the commission [the date of
 15-53 reimbursement of the grant-funded expenses] or [until] the date the
 15-54 vehicle has been in operation for 400,000 miles after the activity
 15-55 start date established by the commission [of reimbursement]. Not
 15-56 less than 75 percent of the annual use of the qualifying vehicle,
 15-57 either mileage or fuel use as determined by the commission, must
 15-58 occur in the clean transportation zone[+]
 15-59 [(1) the counties any part of which are included in the
 15-60 area described by Section 394.010(a), or
 15-61 (2) counties designated as nonattainment areas
 15-62 within the meaning of Section 107(d) of the federal Clean Air Act
 15-63 (42 U.S.C. Section 7407)].
 15-64 (c-1) For purposes of Subsection (c), the commission shall
 15-65 establish the activity start date based on the date the commission
 15-66 accepts verification of the disposition of the vehicle or engine.
 15-67 (f) A heavy-duty or medium-duty motor vehicle replaced
 15-68 under this program must be rendered permanently inoperable by
 15-69 crushing the vehicle, by making a hole in the engine block and

16-1 permanently destroying the frame of the vehicle, or by another
 16-2 method approved by the commission, or be ~~[that]~~ permanently removed
 16-3 ~~[removes the vehicle]~~ from operation in this state. The commission
 16-4 shall establish criteria for ensuring the permanent destruction or
 16-5 permanent removal of the engine or vehicle. The commission shall
 16-6 enforce the destruction and removal requirements. For purposes of
 16-7 this subsection, "permanent removal" means the permanent export of
 16-8 the vehicle or engine to a destination outside of the United States,
 16-9 Canada, or the United Mexican States.

16-10 (g) The commission shall establish baseline emission levels
 16-11 for emissions of nitrogen oxides for on-road heavy-duty or
 16-12 medium-duty motor vehicles being replaced or repowered by using the
 16-13 emission certification for the engine or vehicle being replaced.
 16-14 The commission may consider deterioration of the emission
 16-15 performance of the engine of the vehicle being replaced in
 16-16 establishing the baseline emission level. The commission may
 16-17 consider and establish baseline emission rates for additional
 16-18 pollutants of concern~~[, as determined by the commission after~~
 16-19 ~~consultation with the advisory board].~~

16-20 (i) The executive director may ~~[shall]~~ waive the
 16-21 requirements of Subsection (b)(2)(A)(i) or (B)(ii) on a finding of
 16-22 good cause, which may include short lapses in registration or
 16-23 operation due to economic conditions, seasonal work, or other
 16-24 circumstances.

16-25 SECTION 35. Section 394.006, Health and Safety Code, is
 16-26 amended to read as follows:

16-27 Sec. 394.006. RESTRICTION ON USE OF GRANT. A recipient of a
 16-28 grant under this chapter shall use the grant to pay the incremental
 16-29 costs of the replacement or vehicle repower for which the grant is
 16-30 made, which may include a portion of the initial cost of the natural
 16-31 gas vehicle or natural gas engine, including the cost of the natural
 16-32 gas fuel system and installation ~~[and the reasonable and necessary~~
 16-33 ~~expenses incurred for the labor needed to install~~
 16-34 ~~emissions-reducing equipment].~~ The recipient may not use the
 16-35 grant to pay the recipient's administrative expenses.

16-36 SECTION 36. Section 394.007(c), Health and Safety Code, is
 16-37 amended to read as follows:

16-38 (c) A person may not receive a grant under this chapter
 16-39 that, when combined with any other grant, tax credit, or other
 16-40 governmental incentive, exceeds the incremental cost of the vehicle
 16-41 or vehicle repower for which the grant is awarded. A person shall
 16-42 return to the commission the amount of a grant awarded under this
 16-43 chapter that, when combined with any other grant, tax credit, or
 16-44 other governmental incentive, exceeds the incremental cost of the
 16-45 vehicle or vehicle repower for which the grant is awarded.

16-46 SECTION 37. Sections 394.008(a) and (b), Health and Safety
 16-47 Code, are amended to read as follows:

16-48 (a) The commission shall establish ~~[adopt]~~ procedures for:

16-49 (1) awarding grants under this chapter to reimburse
 16-50 eligible costs; ~~[in the form of rebates, and]~~

16-51 (2) streamlining the grant application, contracting,
 16-52 reimbursement, and reporting process for qualifying natural gas
 16-53 vehicle purchases or repowers; and

16-54 (3) preapproving the award of grants to applicants who
 16-55 propose to purchase and replace motor vehicles described by Section
 16-56 394.005(b)(2)(B).

16-57 (b) Procedures established ~~[adopted]~~ under this section
 16-58 must:

16-59 (1) provide for the commission to compile and
 16-60 regularly update a listing of potentially eligible ~~[preapproved]~~
 16-61 natural gas vehicles and engines powered by natural gas that are
 16-62 certified to the appropriate current federal emissions standards as
 16-63 determined by the commission~~[+~~

16-64 ~~[(A) powered by natural gas engines certified to~~
 16-65 ~~emit not more than 0.2 grams of nitrogen oxides per brake horsepower~~
 16-66 ~~hour, or~~

16-67 ~~[(B) certified to the United States~~
 16-68 ~~Environmental Protection Agency's light-duty Bin 5 standard or~~
 16-69 ~~better];~~

17-1 (2) ~~[if a federal standard for the calculation of~~
 17-2 ~~emissions reductions exists,]~~ provide a method to calculate the
 17-3 reduction in emissions of nitrogen oxides, volatile organic
 17-4 compounds, carbon monoxide, particulate matter, and sulfur
 17-5 compounds for each replacement or repowering;

17-6 (3) assign a standardized grant ~~[rebate]~~ amount for
 17-7 each qualifying vehicle or engine repower under Section 394.007;

17-8 (4) allow for processing applications ~~[rebates]~~ on an
 17-9 ongoing first-come, first-served basis;

17-10 (5) ~~[provide for contracts between the commission and~~
 17-11 ~~participating dealers under Section 394.009,~~

17-12 ~~[(6) allow grant recipients to assign their grant~~
 17-13 ~~funds to participating dealers to offset the purchase or lease~~
 17-14 ~~price,~~

17-15 ~~[(7)]~~ require grant applicants to identify natural gas
 17-16 fueling stations that are available to fuel the qualifying vehicle
 17-17 in the area of its use;

17-18 (6) ~~[(8)]~~ provide for payment not later than the 30th
 17-19 day after the date the request for reimbursement for an approved
 17-20 grant is received;

17-21 (7) ~~[(9)]~~ provide for application submission and
 17-22 application status checks using procedures established by the
 17-23 commission, which may include application submission and status
 17-24 checks to be made over the Internet; and

17-25 (8) ~~[(10)]~~ consolidate, simplify, and reduce the
 17-26 administrative work for applicants and the commission associated
 17-27 with grant application, contracting, reimbursement, and reporting
 17-28 requirements.

17-29 SECTION 38. Section 394.012, Health and Safety Code, is
 17-30 amended to read as follows:

17-31 Sec. 394.012. EXPIRATION. This chapter expires on the last
 17-32 day of the state fiscal biennium during which the commission
 17-33 publishes in the Texas Register certification that, with respect to
 17-34 each national ambient air quality standard for ozone under 40
 17-35 C.F.R. Section 81.344, the United States Environmental Protection
 17-36 Agency has, for each designated area under that section:

17-37 (1) designated the area as attainment or
 17-38 unclassifiable; or

17-39 (2) approved a redesignation substitute making a
 17-40 finding of attainment for the area [August 31, 2017].

17-41 SECTION 39. Subtitle C, Title 5, Health and Safety Code, is
 17-42 amended by adding Chapter 395 to read as follows:

17-43 CHAPTER 395. GOVERNMENTAL ALTERNATIVE FUEL FLEET GRANT PROGRAM

17-44 Sec. 395.001. DEFINITIONS. In this chapter:

17-45 (1) "Alternative fuel" means compressed natural gas,
 17-46 liquefied natural gas, liquefied petroleum gas, hydrogen fuel
 17-47 cells, or electricity, including electricity to power fully
 17-48 electric motor vehicles and plug-in hybrid electric motor vehicles.

17-49 (2) "Commission" means the Texas Commission on
 17-50 Environmental Quality.

17-51 (3) "Incremental cost" has the meaning assigned by
 17-52 Section 386.001.

17-53 (4) "Motor vehicle" means a self-propelled device
 17-54 designed for transporting persons or property on a public highway
 17-55 that is required to be registered under Chapter 502, Transportation
 17-56 Code.

17-57 (5) "Political subdivision" means a school district,
 17-58 junior college district, river authority, water district or other
 17-59 special district, or other political subdivision created under the
 17-60 constitution or a statute of this state, other than a county or
 17-61 municipality.

17-62 (6) "Program" means the governmental alternative fuel
 17-63 fleet grant program established under this chapter.

17-64 (7) "State agency" has the meaning assigned by Section
 17-65 2151.002, Government Code.

17-66 Sec. 395.002. PROGRAM. (a) The commission shall establish
 17-67 and administer a governmental alternative fuel fleet grant program
 17-68 to assist an eligible state agency, county, municipality, or
 17-69 political subdivision in purchasing or leasing new motor vehicles

18-1 that operate primarily on an alternative fuel.

18-2 (b) The program may provide a grant to a state agency,
 18-3 county, municipality, or political subdivision to:

18-4 (1) purchase or lease a new motor vehicle described by
 18-5 Section 395.004; or

18-6 (2) purchase, lease, or install refueling
 18-7 infrastructure or equipment or procure refueling services as
 18-8 described by Section 395.005 to store and dispense alternative fuel
 18-9 needed for a motor vehicle described by Subdivision (1) of this
 18-10 subsection.

18-11 Sec. 395.003. ELIGIBLE APPLICANTS. (a) A state agency,
 18-12 county, or municipality is eligible to apply for a grant under the
 18-13 program if the entity operates a fleet of more than 15 motor
 18-14 vehicles, excluding motor vehicles that are owned and operated by a
 18-15 private company or other third party under a contract with the
 18-16 entity.

18-17 (b) A mass transit or school transportation provider or
 18-18 other public entity established to provide public or school
 18-19 transportation services is eligible for a grant under the program.

18-20 Sec. 395.004. MOTOR VEHICLE REQUIREMENTS. (a) A grant
 18-21 recipient may purchase or lease with money from a grant under the
 18-22 program a new motor vehicle that is originally manufactured to
 18-23 operate using one or more alternative fuels or is converted to
 18-24 operate using one or more alternative fuels before the first retail
 18-25 sale of the vehicle, and that:

18-26 (1) has a dedicated system, dual-fuel system, or
 18-27 bi-fuel system; and

18-28 (2) if the motor vehicle is a fully electric motor
 18-29 vehicle or plug-in hybrid electric motor vehicle, has a United
 18-30 States Environmental Protection Agency rating of at least 75 miles
 18-31 per gallon equivalent or a 75-mile combined city and highway range.

18-32 (b) A grant recipient may not use money from a grant under
 18-33 the program to replace a motor vehicle, transit bus, or school bus
 18-34 that operates on an alternative fuel unless the replacement vehicle
 18-35 produces fewer emissions and has greater fuel efficiency than the
 18-36 vehicle being replaced.

18-37 Sec. 395.005. REFUELING INFRASTRUCTURE, EQUIPMENT, AND
 18-38 SERVICES. A grant recipient may purchase, lease, or install
 18-39 refueling infrastructure or equipment or procure refueling
 18-40 services with money from a grant under the program if:

18-41 (1) the purchase, lease, installation, or procurement
 18-42 is made in conjunction with the purchase or lease of a motor vehicle
 18-43 as described by Section 395.004 or the conversion of a motor vehicle
 18-44 to operate primarily on an alternative fuel;

18-45 (2) the grant recipient demonstrates that a refueling
 18-46 station that meets the needs of the recipient is not available
 18-47 within five miles of the location at which the recipient's vehicles
 18-48 are stored or primarily used; and

18-49 (3) for the purchase or installation of refueling
 18-50 infrastructure or equipment, the infrastructure or equipment will
 18-51 be owned and operated by the grant recipient, and for the lease of
 18-52 refueling infrastructure or equipment or the procurement of
 18-53 refueling services, a third-party service provider engaged by the
 18-54 grant recipient will provide the infrastructure, equipment, or
 18-55 services.

18-56 Sec. 395.006. ELIGIBLE COSTS. (a) A motor vehicle lease
 18-57 agreement paid for with money from a grant under the program must
 18-58 have a term of at least three years.

18-59 (b) Refueling infrastructure or equipment purchased or
 18-60 installed with money from a grant under the program must be used
 18-61 specifically to store or dispense alternative fuel, as determined
 18-62 by the commission.

18-63 (c) A lease of or service agreement for refueling
 18-64 infrastructure, equipment, or services paid for with money from a
 18-65 grant under the program must have a term of at least three years.

18-66 Sec. 395.007. GRANT AMOUNTS. (a) The commission may
 18-67 establish standardized grant amounts based on the incremental costs
 18-68 associated with the purchase or lease of different categories of
 18-69 motor vehicles, including the type of fuel used, vehicle class, and

19-1 other categories the commission considers appropriate.

19-2 (b) In determining the incremental costs and setting the
 19-3 standardized grant amounts, the commission may consider the
 19-4 difference in cost between a new motor vehicle operated using
 19-5 conventional gasoline or diesel fuel and a new motor vehicle
 19-6 operated using alternative fuel.

19-7 (c) The amount of a grant for the purchase or lease of a
 19-8 motor vehicle may not exceed the amount of the incremental cost of
 19-9 the purchase or lease.

19-10 (d) The commission may establish grant amounts to reimburse
 19-11 the full cost of the purchase, lease, installation, or procurement
 19-12 of refueling infrastructure, equipment, or services or may
 19-13 establish criteria for reimbursing a percentage of the cost.

19-14 (e) A grant under the program may be combined with funding
 19-15 from other sources, including other grant programs, except that a
 19-16 grant may not be combined with other funding or grants from the
 19-17 Texas emissions reduction plan. When combined with other funding
 19-18 sources, a grant may not exceed the total cost to the grant
 19-19 recipient.

19-20 (f) In providing a grant for the lease of a motor vehicle
 19-21 under this chapter, the commission shall establish criteria:

19-22 (1) to offset incremental costs through an up-front
 19-23 payment to lower the cost basis of the lease; or

19-24 (2) if determined appropriate by the commission, to
 19-25 provide for reimbursement of lease payments over no more than the
 19-26 period of availability of the contracted funds under applicable
 19-27 state law and regulation, which may be less than the required
 19-28 three-year lease term.

19-29 (g) In providing a grant for the lease of refueling
 19-30 infrastructure, equipment, or services, the commission shall
 19-31 establish criteria:

19-32 (1) to offset incremental costs through an up-front
 19-33 payment to lower the cost basis of the lease; or

19-34 (2) if determined appropriate by the commission, to
 19-35 provide for reimbursement of lease payments over no more than the
 19-36 period of availability of the contracted funds under applicable
 19-37 state law and regulation, which may be less than the required
 19-38 three-year lease term.

19-39 (h) Notwithstanding Subsection (d), the commission is not
 19-40 obligated to fund the full cost of the purchase, lease,
 19-41 installation, or procurement of refueling infrastructure,
 19-42 equipment, or services if those costs cannot be incurred and
 19-43 reimbursed over the period of availability of the funds under
 19-44 applicable state law and regulation.

19-45 Sec. 395.008. AVAILABILITY OF EMISSIONS REDUCTION CREDITS.

19-46 (a) A project that is funded from a grant under the program and
 19-47 that would generate marketable emissions reduction credits under a
 19-48 state or federal emissions reduction credit averaging, banking, or
 19-49 trading program is not eligible for funding under the program
 19-50 unless:

19-51 (1) the project includes the transfer of the credits,
 19-52 or the reductions that would otherwise be marketable credits, to
 19-53 the commission and, if applicable, the state implementation plan;
 19-54 and

19-55 (2) the credits or reductions, as applicable, are
 19-56 permanently retired.

19-57 (b) An emissions reduction generated by a purchase or lease
 19-58 under this chapter may be used to demonstrate conformity with the
 19-59 state implementation plan.

19-60 Sec. 395.009. USE OF GRANT MONEY BY COUNTY OR MUNICIPALITY.

19-61 A county or municipality shall prioritize the actions listed in
 19-62 Section 2158.0051(b), Government Code, when using money from a
 19-63 grant under the program.

19-64 Sec. 395.010. GRANT PROCEDURES AND CRITERIA. (a) The
 19-65 commission shall establish specific criteria and procedures in
 19-66 order to implement and administer the program, including the
 19-67 creation and provision of application forms and guidance on the
 19-68 application process.

19-69 (b) The commission shall award a grant through a contract

20-1 between the commission and the grant recipient.

20-2 (c) The commission shall provide an online application
 20-3 process for the submission of all required application documents.

20-4 (d) The commission may limit funding for a particular period
 20-5 according to priorities established by the commission, including
 20-6 limiting the availability of grants to specific entities, for
 20-7 certain types of vehicles and infrastructure, or to certain
 20-8 geographic areas to ensure equitable distribution of grant funds
 20-9 across the state.

20-10 (e) In awarding grants under the program, the commission
 20-11 shall prioritize projects that:

20-12 (1) are proposed by a state agency;

20-13 (2) are in or near a nonattainment area;

20-14 (3) are in an affected county, as that term is defined
 20-15 by Section 386.001; and

20-16 (4) will produce the greatest emissions reductions.

20-17 (f) In addition to the requirements under Subsection (e), in
 20-18 awarding grants under the program, the commission shall consider:

20-19 (1) the effectiveness of a proposed project in
 20-20 assisting an applicant in complying with Section 2158.0051,
 20-21 Government Code;

20-22 (2) the total amount of the emissions reduction that
 20-23 would be achieved from the project;

20-24 (3) the type and number of vehicles purchased or
 20-25 leased;

20-26 (4) the location of the fleet and the refueling
 20-27 infrastructure or equipment;

20-28 (5) the number of vehicles served and the rate at which
 20-29 vehicles are served by the refueling infrastructure or equipment;

20-30 (6) the amount of any matching funds committed by the
 20-31 applicant; and

20-32 (7) the schedule for project completion.

20-33 (g) The commission may not award more than 10 percent of the
 20-34 total amount awarded under the program in any fiscal year for
 20-35 purchasing, leasing, installing, or procuring refueling
 20-36 infrastructure, equipment, or services.

20-37 Sec. 395.011. FUNDING. The legislature may appropriate
 20-38 money to the commission from the Texas emissions reduction plan
 20-39 fund established under Section 386.251 to administer the program.

20-40 Sec. 395.012. ADMINISTRATIVE COSTS. In each fiscal year,
 20-41 the commission may use up to three-fourths of one percent of the
 20-42 total amount of money awarded under the program in that fiscal year,
 20-43 but not more than \$1 million, for the administrative costs of the
 20-44 program.

20-45 Sec. 395.013. RULES. The commission may adopt rules as
 20-46 necessary to implement this chapter.

20-47 Sec. 395.014. REPORT REQUIRED. On or before November 1 of
 20-48 each even-numbered year, the commission shall submit to the
 20-49 governor, lieutenant governor, and members of the legislature a
 20-50 report that includes the following information regarding awards
 20-51 made under the program during the preceding state fiscal biennium:

20-52 (1) the number of grants awarded under the program;

20-53 (2) the recipient of each grant awarded;

20-54 (3) the number of vehicles replaced;

20-55 (4) the number, type, and location of any refueling
 20-56 infrastructure, equipment, or services funded under the program;

20-57 (5) the total emissions reductions achieved under the
 20-58 program; and

20-59 (6) any other information the commission considers
 20-60 relevant.

20-61 Sec. 395.015. EXPIRATION. This chapter expires on the last
 20-62 day of the state fiscal biennium during which the commission
 20-63 publishes in the Texas Register certification that, with respect to
 20-64 each national ambient air quality standard for ozone under 40
 20-65 C.F.R. Section 81.344, the United States Environmental Protection
 20-66 Agency has, for each designated area under that section:

20-67 (1) designated the area as attainment or
 20-68 unclassifiable; or

20-69 (2) approved a redesignation substitute making a

21-1 finding of attainment for the area.

21-2 SECTION 40. Sections 394.009, 394.010, and 394.011, Health
21-3 and Safety Code, are repealed.

21-4 SECTION 41. The changes in law made by this Act apply only
21-5 to a Texas emissions reduction plan grant awarded on or after the
21-6 effective date of this Act. A grant awarded before the effective
21-7 date of this Act is governed by the law in effect on the date the
21-8 award was made, and the former law is continued in effect for that
21-9 purpose.

21-10 SECTION 42. This Act takes effect September 1, 2017.

21-11 * * * * *