

By: Landgraf

H.B. No. 3518

A BILL TO BE ENTITLED

AN ACT

relating to alternative fuel fleets of certain governmental entities, including funding for motor vehicles, infrastructure, and equipment.

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

SECTION 1. Subchapter A, Chapter 2158, Government Code, is amended by adding Section 2158.0051 to read as follows:

Sec. 2158.0051. ALTERNATIVE FUEL FLEETS. (a) It is the intent of this state that:

(1) the vehicle fleet of a state agency, county, or municipality that operates a fleet of more than 15 motor vehicles be converted into or replaced with motor vehicles that use compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen fuel cells, or electricity, including fully electric vehicles and plug-in hybrid motor vehicles; and

(2) motor vehicles of a state agency, county, or municipality described by Subdivision (1) that are capable of using fuels described by that subdivision be primarily operated with those fuels rather than conventional gasoline or diesel fuels.

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

(1) the purchase or lease of new motor vehicles when replacing vehicles or adding vehicles to the fleet;

(2) the purchase of new motor vehicles to replace

vehicles that have the highest total mileage and do not use a fuel described by Subsection (a);

(3) the conversion of motor vehicles that were driven the most miles during the previous biennium and do not use a fuel described by Subsection(a); and

(4) to the extent feasible, obtaining, whether by conversion, purchase, or lease, motor vehicles that use compressed natural gas or liquefied natural gas.

(c) A county or municipality may comply with the intent of the legislature as described in Subsection (a). If the county or municipality complies with the intent, the county or municipality shall prioritize the actions listed in Subsections (b)(1)-(4).

SECTION 2. Chapter 403, Government Code, is amended by adding Subchapter R to read as follows:

SUBCHAPTER R. GOVERNMENTAL ALTERNATIVE FUEL FLEET GRANT PROGRAM

Sec. 403.461. DEFINITIONS. In this subchapter:

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

(2) "Incremental cost" means the cost of a motor vehicle or the cost of purchasing or installing refueling infrastructure and equipment less a baseline cost that would otherwise be incurred by a grant recipient in the normal course of business. Incremental costs may include added lease or fuel costs as well as additional capital costs.

(3) "Motor vehicle" means a self-propelled device

1 designed for transporting persons or property on a public highway
2 that is required to be registered under Chapter 502, Transportation
3 Code.

4 (4) "Program" means the governmental alternative fuel
5 fleet grant program established under this subchapter.

6 (5) "State agency" has the meaning assigned by Section
7 [2151.002](#), Government Code.

8 Sec. 403.462. PROGRAM. (a) The comptroller shall
9 establish and administer a governmental alternative fuel fleet
10 grant program to assist an eligible state agency, county, or
11 municipality in complying with Section 2158.0051 through the
12 purchase or lease of new motor vehicles that operate primarily on
13 an alternative fuel.

14 (b) The program may provide a grant to a state agency, county,
15 or municipality to:

16 (1) purchase or lease a new motor vehicle described by
17 Section 403.464; or

18 (2) purchase and install refueling infrastructure and
19 equipment described by Section 403.465 to store and dispense
20 alternative fuel needed for a motor vehicle described by
21 Subdivision (1).

22 Sec. 403.463. ELIGIBLE APPLICANTS. (a) A state agency,
23 county, or municipality is eligible to apply for a grant under this
24 program if the entity operates a fleet of more than 15 motor
25 vehicles, excluding motor vehicles that are owned and operated by a
26 private company or other third party under a contract with the
27 entity.

1 (b) A transit or school transportation provider or other
2 similar entity established to provide public or school
3 transportation services is eligible for a grant under this program.

4 Sec. 403.464. MOTOR VEHICLE REQUIREMENTS. (a) A grant
5 recipient may purchase or lease with money from a grant under the
6 program a new motor vehicle that:

7 (1) is originally manufactured to operate using one or
8 more alternative fuels or is converted to operate using one or more
9 alternative fuels before the first retail sale of the vehicle; and

10 (2) has a dedicated system, dual-fuel system, or
11 bi-fuel system with a range of at least 125 miles when operating on
12 the alternative fuel without refueling, as published by the United
13 States Environmental Protection Agency.

14 (b) A grant recipient may not use money from a grant under
15 the program to replace a motor vehicle, transit bus, or school bus
16 that operates on an alternative fuel unless the replacement vehicle
17 produces less emissions and has greater fuel efficiency than the
18 vehicle being replaced.

19 Sec. 403.465. REFUELING INFRASTRUCTURE AND EQUIPMENT
20 REQUIREMENTS. A grant recipient may purchase or install refueling
21 infrastructure or equipment with money from a grant under the
22 program if:

23 (1) the purchase or installation is made in
24 conjunction with the purchase or lease of a motor vehicle as
25 described by Section 403.464;

26 (2) the grant recipient demonstrates that a refueling
27 station that meets the needs of the recipient is not available

1 within 30 miles of the location at which the recipient's vehicles
2 are stored or primarily used; and

3 (3) the refueling infrastructure or equipment will be
4 owned and operated by the grant recipient.

5 Sec. 403.466. ELIGIBLE COSTS. (a) A motor vehicle lease
6 agreement paid for with money from a grant under the program must
7 have a term of at least three years.

8 (b) Refueling infrastructure or equipment purchased or
9 installed with money from a grant under the program must be used
10 specifically to store or dispense alternative fuel, as determined
11 by the comptroller.

12 Sec. 403.467. GRANT AMOUNTS. (a) The comptroller may
13 establish standardized grant amounts based on the incremental costs
14 associated with the purchase or lease of different categories of
15 motor vehicles, including the type of fuel used, vehicle class, and
16 other categories the comptroller considers appropriate.

17 (b) In determining the incremental costs and setting the
18 standardized grant amounts, the comptroller may consider the
19 difference in cost between a new motor vehicle operated using
20 conventional gasoline or diesel fuel and a new motor vehicle
21 operated using alternative fuel.

22 (c) The amount of a grant for the purchase or lease of a
23 motor vehicle may not exceed the amount of the incremental cost of
24 the purchase or lease.

25 (d) The comptroller may establish grant amounts to
26 reimburse the full cost of the purchase and installation of
27 refueling infrastructure or equipment or may establish criteria for

1 reimbursing a percentage of the cost.

2 (e) A grant under the program may be combined with funding
3 from other sources, including other grant programs, except that a
4 grant may not be combined with other funding or grants from the
5 Texas emissions reduction plan. When combined with other funding
6 sources, a grant may not exceed the total cost to the grant
7 recipient.

8 Sec. 403.468. AVAILABILITY OF EMISSIONS REDUCTION CREDITS.

9 (a) A purchase, lease, or installation that uses money from a
10 grant under the program may not be used for credit under a state or
11 federal emissions reduction credit averaging, banking, or trading
12 program.

13 (b) An emissions reduction generated by a purchase or lease
14 under this subchapter:

15 (1) may not be used as a marketable emissions
16 reduction credit; and

17 (2) may be used to demonstrate conformity with the
18 state implementation plan.

19 (c) A project involving a new emissions reduction measure
20 that would otherwise generate marketable credits under a state or
21 federal emissions reduction credit averaging, banking, or trading
22 program is not eligible for funding under the program unless:

23 (1) the project includes the transfer of the
24 reductions that would otherwise be marketable credits to the state
25 implementation plan; and

26 (2) the reductions are permanently retired.

27 Sec. 403.469. USE OF GRANT MONEY BY COUNTY OR MUNICIPALITY. A

1 county or municipality shall prioritize the use of money from a
2 grant under the program as required by Sections
3 2158.0051(b)(1)-(4).

4 Sec. 403.470. GRANT PROCEDURES AND CRITERIA. (a) The
5 comptroller shall establish specific criteria and procedures in
6 order to implement and administer the program, including the
7 creation and provision of application forms and guidance on the
8 application process.

9 (b) The comptroller shall award a grant through a contract
10 between the comptroller and the grant recipient.

11 (c) The comptroller may limit funding for a particular
12 period according to priorities established by the comptroller,
13 including limiting the availability of grants to specific entities,
14 geographic areas, or types of vehicles and infrastructure.

15 (d) In determining priorities for funding under the
16 program, the comptroller shall consider:

17 (1) the effectiveness of a proposed project in
18 assisting an applicant in complying with Section 2158.0051;

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

21 (3) the type and number of vehicles purchased, leased,
22 or converted;

23 (4) the location of the fleet and the refueling
24 infrastructure or equipment;

25 (5) the number of vehicles served and the rate at which
26 vehicles are served by the refueling infrastructure or equipment;

27 (6) the amount of any matching funds committed by the

1 applicant; and

2 (7) the schedule for project completion.

3 Sec. 403.471. EXPIRATION. This chapter expires August 31,
4 2025.

5 SECTION 3. Section 2158.0051, Government Code, as added by
6 this Act, applies beginning with the state fiscal biennium
7 beginning September 1, 2015.

8 SECTION 4. (a) To the extent that money is appropriated from
9 the Texas emissions reduction plan fund for that purpose, the
10 comptroller may use that money to award grants under the
11 governmental alternative fuel fleet grant program created under
12 Subchapter R, Chapter 403, Government Code, as added by this Act,
13 except that the comptroller may not use for that purpose more than
14 three percent of the balance of the Texas emissions reduction plan
15 fund as of September 1 of each fiscal year of the biennium for the
16 governmental alternative fuel fleet grant program in that fiscal
17 year.

18 (b) This section expires August 31, 2025.

19 SECTION 5. This Act takes effect September 1, 2015.