

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 5  
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Natural Resources  
4/9/2001  
Committee Report (Substituted)

### **DIGEST AND PURPOSE**

The federal Clean Air Act authorizes the United States Environmental Protection Agency (EPA) to establish the maximum allowable concentrations of pollutants that can endanger human health, harm the environment, and cause property damage. A significant portion of Texas currently does not meet these standards and is facing severe sanctions if attainment is not reached by 2007. While the Texas Natural Resource Conservation Commission (commission) has submitted a proposed State Implementation Plan (SIP) requiring emissions reductions of sources under their control, there are significant areas of potential emission reductions the commission cannot regulate but which may be realized through incentive programs. C.S.S.B. 5 establishes programs to encourage emissions reductions.

### **RULEMAKING AUTHORITY**

Rulemaking authority is expressly granted to the Texas Natural Resource Conservation Commission and the comptroller in SECTION 1 (Sections 386.053, 386.152, Health and Safety Code) and SECTION 15, the Texas Natural Resource Conservation Commission in SECTION 1 (Section 386.112, Health and Safety Code) and SECTION 14, and to the comptroller in SECTION 1 (Section 386.160, Health and Safety Code), SECTION 13 (Article 9036, Revised Statutes) and SECTION 14 of this bill.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. (a) Sets forth legislative intent.

(b) Amends Title 5C, Health and Safety Code, by adding Chapters 386, 387, and 388, as follows:

#### **CHAPTER 386. TEXAS EMISSIONS REDUCTION PLAN**

##### **SUBCHAPTER A. GENERAL PROVISIONS**

Sec. 386.001. DEFINITIONS. Defines "advisory board," "affected county," "commission," "council," "fund," "incremental cost," "motor vehicle," "new vehicle," "nonattainment area," "plan," and "site."

Sec. 386.002. EXPIRATION. Provides that this chapter expires August 31, 2008.

[Sections 386.003-386.050 reserved for expansion]

##### **SUBCHAPTER B. TEXAS EMISSIONS REDUCTION PLAN**

Sec. 386.051. TEXAS EMISSIONS REDUCTION PLAN. Requires the Texas Natural Resource Conservation Commission (commission), the comptroller, and the council to establish and administer the Texas emissions reduction plan in accordance with this chapter. Requires the commission, the comptroller, and the council, under the plan, to provide grants or other funding

for certain purposes. Provides that equipment purchased before September 1, 2001, is not eligible for a grant or other funding under the plan.

Sec. 386.052. COMMISSION DUTIES. Requires the commission, in administering the plan established under this chapter and in accordance with the requirements of this chapter, to perform certain procedures. Provides that appropriate commission objectives include certain items.

Sec. 386.053. GUIDELINES AND CRITERIA. Requires the commission to adopt grant guidelines and criteria consistent with the requirements of this chapter. Requires the commission to consider examples of similar programs in other states during the development of guidelines and criteria. Requires the guidelines to include protocols to calculate projected emissions reductions, project cost-effectiveness, and safeguards to ensure that funded projects generate emissions reductions not otherwise required by state or federal law. Requires the commission to make draft guidelines and criteria available to the public and the United States Environmental Protection Agency before the 45th day preceding the date of final adoption and hold at least one public meeting to consider public comments on the draft guidelines and criteria before final adoption. Authorizes the commission to propose revisions to the guidelines and criteria adopted under this section as necessary to improve the ability of the plan to achieve its goals. Authorizes the revisions to include among other changes, adding additional pollutants or adjusting eligible program categories, as appropriate, to ensure that incentives established under this chapter achieve the maximum possible emissions reductions. Requires the commission to make a proposed revision available to the public before the 45th day preceding the date of final adoption of the revision and to hold at least one public meeting to consider public comments on the proposed revision before the final adoption. Authorizes the commission and the comptroller, because the legislature finds that the current state of air quality in the state creates an imminent peril to the public health, safety, and welfare and jeopardizes the state's ability to meet federal air quality requirements, to adopt emergency rules under Section 2001.034 (Emergency Rulemaking), Government Code, with abbreviated notice, to carry out any rulemaking necessary to implement this chapter. Provides that except as provided by Subsection (e), the rulemaking requirements of Chapter 2001 (Administrative Procedure), Government Code, do not apply to the adoption or revision of guidelines and criteria under this section.

Sec. 386.054. MONITORING PROCEDURES. Requires the commission to develop procedures for monitoring whether the emissions reductions projected for projects awarded grants under this chapter are actually achieved. Authorizes monitoring procedures to include project reviews and contract requirements that the grant recipient provide information annually about the project. Requires the report, if the commission requires an annual report, to contain a minimum amount of information required from a recipient and the report format to be simple and convenient. Requires monitoring and reviewing procedures to be sufficient to enable emissions reductions generated by funded projects to be fully credited to air quality plans. Authorizes the commission to revise monitoring and reviewing procedures from time to time as necessary or appropriate to enhance the effectiveness of the plan.

Sec. 386.055. AVAILABILITY OF EMISSIONS REDUCTION CREDITS GENERALLY. Prohibits a project funded under a program established under this chapter from being used for credit under any state or federal emissions reduction credit averaging, banking, or trading program. Prohibits an emissions reduction generated by a program established under this chapter from being used as a marketable emissions reduction credit or to offset any emissions reduction obligation. Provides that a project involving a new emissions reduction measure that would otherwise generate marketable credits under state or federal emissions reduction credit averaging, banking, or trading programs is not eligible unless the project includes the transfer of the marketable credits to the end user and the retirement of the credits.

Sec. 386.056. AVAILABILITY OF EMISSIONS REDUCTION CREDITS IN CERTAIN

NONATTAINMENT AREAS. Authorizes an owner or operator of a site located in the Houston-Galveston or Dallas-Fort Worth nonattainment areas to use emissions reductions generated by a program established under this chapter to offset the requirements of commission rules relating to control of air pollution from oxides of nitrogen if certain conditions are met. Requires funds collected under this section to be used to generate emissions reductions needed to meet the commission's attainment demonstrations. Requires the commission to verify that emissions reductions generated from funds collected under this section occur in the same nonattainment area in which the site that purchased the emissions credit is located. Requires the commission, to the extent practicable, to assure that emissions reductions funded under programs authorized by this chapter used to offset commission requirements under this section benefit the community in which the site using the emissions reductions is located. Authorizes the commission, if there are no eligible emission reduction projects within the community, to authorize projects in an adjacent community. Provides that in this subsection, "community," means a justice of the peace precinct.

Sec. 386.057. REVIEW AND REPORTING REQUIREMENTS. Requires the commission, in consultation with the advisory board, to annually review programs established under the plan, including each project funded under the plan, the amount granted for the project, the emissions reductions attributable to the project, and the cost-effectiveness of the project. Requires the commission, in consultation with the advisory board, to biennially publish and submit to the legislature a plan report. Requires the report to include the information included in the annual reports and specific information for individual projects as required by this section. Requires the report, for projects funded as part of the infrastructure demonstration program under Subchapter C, to meet certain criteria. Requires the report to supply certain information. Requires the commission to request public comment and hold a public meeting on each draft biennial report and, in producing a final biennial report, to consider and respond to all significant comments received.

Sec. 386.058. TEXAS EMISSIONS REDUCTION PLAN ADVISORY BOARD. Provides that the Texas Emissions Plan Advisory Board consists of certain persons. Requires appointments to the advisory board to include representatives from certain industries or entities. Provides that appointed members of the advisory board serve staggered two-year terms. Provides that the terms of six appointed members expire February 1 of each even-numbered year. Provides that the terms of seven appointed members expire February 1 of each odd-numbered year. Authorizes an appointed member to be reappointed to a subsequent term. Provides that ex officio members of the advisory board include certain persons. Requires the advisory board to annually elect a presiding officer. Requires the advisory board to review the program and to recommend to the commission changes to revenue sources or financial incentives or any legislative, regulatory, or budgetary changes needed. Requires the commission to provide necessary staff support to the advisory council.

[Sections 386.059-386.100 reserved for expansion]

#### SUBCHAPTER C. DIESEL EMISSIONS REDUCTION INCENTIVE PROGRAM

Sec. 386.101. DEFINITIONS. Defines "cost-effectiveness," "covered engine," "covered source," "covered vehicle," "fuel cell," "heavy-duty vehicle," "offroad engine," "offroad equipment," "offroad vehicle," "program," "qualifying fuel," "repower," "retrofit," and "very-low-emissions vehicle."

Sec. 386.102. PROGRAM. Requires the commission to establish and administer a diesel emissions reduction incentive program. Requires the commission, under the program, to provide grants for eligible projects to offset the incremental cost of projects that reduce emissions of oxides of nitrogen from high-emitting diesel sources in nonattainment and affected counties of the state. Requires the commission to determine the eligibility of projects. Authorizes

projects that are to be considered for a grant under the program to include certain factors. Provides that a new purchase, lease, retrofit, repower, or add-on equipment project is not eligible for a grant under this subchapter if the new purchase, lease, retrofit, repower, or add-on equipment is required by any state or federal law, rule or regulation, memorandum of agreement, or other legally binding document. Provides that this subsection does not apply to certain projects and purchases.

Sec. 386.103. APPLICATION FOR GRANT. Authorizes any person as defined by Section 382.003 that owns one or more covered vehicles that operate primarily within a nonattainment area or affected county near of this state or that otherwise contributes to the state inventory of emissions of oxides of nitrogen to apply for a grant under the program. Requires an application for a grant under this subchapter to be made on an application provided by the commission and to contain information required by the commission, including certain other factors.

Sec. 386.104. ELIGIBILITY REQUIREMENTS. Requires the commission to establish criteria for setting priorities for projects eligible to receive grants under this chapter. Requires the commission to review and is authorizes the commission to modify the criteria and priorities as appropriate. Requires a proposed project as described in Section 386.102 to meet the requirements of this section to be eligible for a grant under the program. Requires, for a proposed project as described by Section 386.102(b), other than a project involving a marine vessel or engine, not less than 75 percent of vehicle miles traveled or hours of operation projected for the five years immediately following the award of a grant to be projected to take place in a nonattainment area or affected county of this state. Requires the vessel or engine, for a proposed project involving a marine vessel or engine, to be operated in the intercoastal waterways or bays adjacent to a nonattainment area or affected county of this state for a sufficient amount of time over the lifetime of the project to meet the cost-effectiveness requirements of Section 386.105. Requires each proposed project to meet the cost-effectiveness requirements of Sections 386.105 and 386.106. Requires a proposed repower project to exceed commission requirements relating to baseline emissions levels of the engines being replaced under the project. Requires a proposed retrofit, repower, or add-on equipment project to document, in a manner acceptable to the commission, a reduction in emissions of oxides of nitrogen of at least 30 percent compared with the baseline emissions adopted by the commission for the relevant engine year and application. Authorizes the commission, after study of available emissions reduction technologies, public notice and comment, and consultation with the advisory board, to revise the minimum percentage reduction in emissions of oxides of nitrogen required by this subsection to improve the ability of the program to achieve its goals. Requires the commission, for purposes of this chapter, if a baseline emissions standard does not exist for new offroad equipment in a particular category, to establish an appropriate baseline emissions level for comparison purposes. Authorizes the commission to approve payments to offset the incremental cost, over the expected lifetime of the covered vehicle, of qualifying fuel used in a covered vehicle if the proposed project as a whole, including incremental fuel cost, meets the requirements of this subchapter. Requires the commission to develop an appropriate method for converting incremental fuel costs over the covered vehicle's lifetime into an initial cost for purposes of determining cost-effectiveness as required by Section 386.105. Provides that the owner or operator of a facility as defined by Section 382.003 is not eligible to receive a grant under this subchapter unless the owner or operator holds a permit for the facility under Sections 382.0518, 382.0519, 382.05194, 382.05195, or 382.05196.

Sec. 386.105. CALCULATION OF COST-EFFECTIVENESS. Requires one-time grants of money at the beginning of a project, in calculating cost-effectiveness, to be annualized using a time value of public funds or discount rate determined for each project by the commission, taking into account the interest rate on bonds, interest earned by state funds, and other factors the commission considers appropriate. Requires the commission to establish reasonable methodologies in consultation with all affected stakeholders, for evaluating project cost-effectiveness consistent with this section and with accepted methods. Requires the commission

to develop protocols for calculating oxides of nitrogen emissions reductions not otherwise required by state or federal law in nonattainment and affected counties of this state from representative project types over the life of the projects. Authorizes the commission to include in cost-effectiveness determinations only reductions in oxides of nitrogen emissions that are achieved in nonattainment areas and affected counties of this state.

Sec. 386.106. COST-EFFECTIVENESS CRITERIA; DETERMINATION OF GRANT AMOUNT. Prohibits the commission, except as provided by Section 386.107, from awarding a grant for a proposed project the cost-effectiveness of which, calculated in accordance with Section 386.105 and rules adopted under that section, exceeds \$13,000 per ton of oxides of nitrogen emissions reduced in the nonattainment or affected county for which the project is proposed. Provides that this subsection does not restrict commission authority under other law to require emissions reductions with a cost-effectiveness that exceeds \$13,000 per ton. Prohibits the commission from awarding a grant that, net of taxes, provides an amount that exceeds the incremental cost of the proposed project. Requires the commission to adopt guidelines for capitalizing incremental lease costs so those costs may be offset by a grant under this subchapter. Requires the commission, in determining the amount of a grant under this subchapter, to reduce the incremental cost of a proposed new purchase, lease, retrofit, repower, or add-on equipment project by the value of any existing financial incentive that directly reduces the cost of the proposed project, including tax credits or deductions, other grants, or any other public financial assistance. Authorizes the commission to establish maximum grant awards per vehicle or engine replaced for projects that propose to repower offroad equipment.

Sec. 386.107. ADJUSTMENT TO MAXIMUM COST-EFFECTIVENESS AMOUNT AND AWARD AMOUNT. Authorizes the commission, in consultation with the advisory board, after study of available emissions reduction technologies and costs and after public notice and comment, to change the values of the maximum grant award criteria established in Section 386.106 and any per-project maximum set by the commission under Section 386.106(e) to account for inflation or to improve the ability of the program to achieve its goals.

Sec. 386.108. INFRASTRUCTURE DEMONSTRATION PROJECTS. Requires the commission to provide funding under Section 386.252(a)(1) for infrastructure demonstration projects to provide initial support for low-emissions vehicle projects at the start of the program. Requires the commission to perform certain procedures to implement the requirements of this section.

Sec. 386.109. ELIGIBLE INFRASTRUCTURE DEMONSTRATION PROJECTS. Authorizes the commission to consider for funding under Section 386.108 certain equipment or projects.

Sec. 386.110. APPLICATION PACKAGE FOR INFRASTRUCTURE DEMONSTRATION PROJECTS. Requires the commission to develop a simple, standardized application package for infrastructure demonstration project grants under this subchapter. Requires the package to include certain information. Requires the application form to require as much information as the commission determines is necessary to properly evaluate each project but to otherwise minimize the information required. Prohibits the commission from requiring an applicant, as part of the application process, to calculate tons of emissions reduced or cost-effectiveness.

Sec. 386.111. APPLICATION REVIEW PROCEDURES. Requires the commission to review an application for a grant for a project authorized under this subchapter, including an application for a grant for an infrastructure demonstration project, immediately on receipt of the application. Requires the commission, if the commission determines that an application is incomplete, to notify the applicant, not later than the 15th working day after the date on which

the commission received the application, with an explanation of what is missing from the application. Requires the commission to record the date and time of receipt of each application the commission determines to be complete and evaluate the completed application according to the appropriate project criteria. Requires the commission, subject to available funding, to make a final determination on an application as soon as possible and not later than the 60th working day after the date the application is determined to be complete. Requires the commission to make every effort to expedite the application review process and to award grants to qualified projects in a timely manner. Requires the commission, to the extent possible, to coordinate project review and approval with any timing constraints related to project purchases or instalments to be made by an applicant. Authorizes the commission to deny an application for a project that does not meet the applicable project criteria or that the commission determines is not made in good faith, is not credible, or is not in compliance with this chapter and the goals of this chapter. Requires the commission, subject to available funds, to award a grant under this subchapter in conjunction with the execution of a contract that obligates the commission to make the grant and the recipient to perform the actions described in the recipient's grant application. Requires the contract to incorporate provisions for recapturing grant money in proportion to any loss of emissions reductions or underachievement in dispensing qualifying fuel compared with the volume of emissions reductions or amount of fuel dispensed that was projected in awarding the grant. Requires grant money recaptured under the contract provision to be deposited in the fund and reallocated for other projects under this subchapter. Authorizes an applicant to seek reimbursement for qualifying equipment installed after the date of this program.

**Sec. 386.112. HEAVY-DUTY MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE.** Requires the commission to develop a purchase or lease incentive program for heavy-duty motor vehicles and to adopt rules necessary to implement the program and to reimburse a purchaser or lessee of a heavy-duty motor vehicle that is eligible for reimbursement of incremental costs under this subchapter. Requires the program to authorize statewide incentives for the reimbursement of incremental costs for the purchase or lease, according to the schedule provide by Section 386.113, of heavy-duty motor vehicles that are certified by the United States Environmental Protection Agency to an emissions standard provided by Section 386.113 if the purchaser or lessee of the vehicle agrees to register the vehicle in this state and to operate the vehicle in this state and to operate the vehicle in this state for not less than 75 percent of the vehicle's annual mileage. Provides that only one incentive will be provided for each motor vehicle. Requires the incentive to be provided to the lessee and not to the purchaser if the motor vehicle is purchased for the purpose of leasing the vehicle to another person. Requires a lease incentive for a motor vehicle to be prorated based on an eight-year lease term.

**Sec. 386.113. HEAVY-DUTY MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE SCHEDULE.** Provides that a heavy-duty motor vehicle is eligible for reimbursement of incremental costs according to a certain schedule.

[Sections 386.114-386.150 reserved for expansion]

#### **SUBCHAPTER D. MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE PROGRAM**

**Sec. 386.151. DEFINITIONS.** Defines "bin" or "emissions bin," "ILEV," and "light-duty motor vehicle."

**Sec. 386.152. LIGHT-DUTY MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE.** Requires the comptroller and the commission to develop a purchase or lease incentive program for light-duty motor vehicles and to adopt rules necessary to implement the program. Requires the program to authorize statewide incentives for the purchase or lease, according to the schedule provided by Section 386.153, to be implemented at the point of sale or lease, of light-duty motor vehicles that are certified by the United States Environmental Protection Agency to

an emissions standard provided by Section 386.153 for a purchaser or lessee who agrees to register the vehicle in this state and to operate the vehicle in this state for not less than 75 percent of the vehicle's annual mileage. Provides that only one incentive will be provided for each motor vehicle. Requires the incentive to be provided to the lessee and not to the purchaser if the motor vehicle is purchased for that purpose of leasing the vehicle to another person.

Sec. 386.153. LIGHT-DUTY MOTOR VEHICLE PURCHASE OR LEASE INCENTIVE SCHEDULE. Provides that a light-duty motor vehicle is eligible for an incentive according to certain schedules.

Sec. 386.154. MODIFICATION OF INCENTIVE EMISSIONS STANDARDS. Authorizes the commission, in consultation with the advisory board, after evaluating new technologies and after public notice and comment, to change the incentive emissions standards established by Section 386.153 to improve the ability of the program to achieve its goals.

Sec. 386.155. MANUFACTURER'S REPORT. Requires a manufacturer of motor vehicles, at the beginning of but not later than July 1 of each year preceding the vehicle model year, to provide to the commission certain information.

Sec. 386.156. LIST OF ELIGIBLE MOTOR VEHICLES. Provides that on August 1 each year the commission is required to publish and provide to the comptroller a list of the new model motor vehicles as listed for the commission under Section 386.155. Requires the comptroller to distribute the list of eligible motor vehicles to new vehicle dealers and leasing agents in this state.

Sec. 386.157. VEHICLE EMISSIONS INFORMATION LABEL. Requires a motor vehicle distributor to affix on each new light-duty motor vehicle for sale or lease in this state display a clearly legible label that shows the vehicle's class rating under the United States Environmental Protection Agency's 5-star green vehicle class rating system to enable consumers to make informed purchase decisions based on the relative amounts of emissions produced by motor vehicles within each vehicle class. Requires the commission to design the label and have it available on the commission website. Requires the label to also contain certain information.

Sec. 386.158. POINT-OF-SALE OR POINT-OF-LEASE INCENTIVE; REPORT TO COMPTROLLER; PENALTY. Provides that a person who purchases or leases during the model year in which it is first offered for sale or lease a new motor vehicle that has been listed under Section 386.155 is eligible for an incentive under this subchapter. Requires a new motor vehicle dealer or leasing agent to credit a purchaser or lessee with the appropriate incentive as part of the sales or lease transaction after the assessment of all applicable taxes. Requires the dealer or agent to report to the comptroller, at the beginning of each calendar month and in the manner prescribed by the comptroller, the amount of incentives credited by the dealer or agent during the preceding calendar month. Prohibits a new motor vehicle dealer or leasing agent from increasing the price of a motor vehicle that qualified for an incentive under this subchapter by an amount that exceeds the incremental cost to the dealer or leasing agent. Provides that a violation of this subsection is punishable as a violation of the Deceptive Trade Practices-Consumer Protection Act (Chapter 17E, Business & Commerce Code). Requires a lease incentive for a motor vehicle to be prorated based on a four-year lease term.

Sec. 386.159. PUBLIC INFORMATION. Requires the commission in cooperation with the comptroller to develop and implement a program to inform the public and new motor vehicle dealers and leasing agents about the motor vehicle purchase or lease incentive program. Requires the Texas Department of Public Safety to insert a notice describing the motor vehicle purchase or lease incentive program with each annual vehicle registration renewal notice.

Sec. 386.160. COMPTROLLER TO ACCOUNT FOR MOTOR VEHICLE PURCHASE

OR LEASE INCENTIVES. Requires the comptroller by rule to develop a method to administer and account for the motor vehicle purchase or lease incentives authorized by this subchapter, and to administer the fund to reimburse new motor vehicle dealers or leasing agents within 20 days after the invoice date for incentive amounts credited by the dealer. Authorizes the comptroller to develop forms and instructions for new motor vehicle dealers and leasing agents to use in accounting for and reporting motor vehicle purchase and lease incentives and requires the comptroller to provide new motor vehicle dealers and leasing agents with information to assist them in accounting for and reporting the incentives. Requires the comptroller to add two percent of the total dollar amount due to a new motor vehicle dealer or leasing agent each month to the amount due that dealer or agent.

Sec. 386.161. REPORT TO COMMISSION; SUSPENSION OF PURCHASE OR LEASE INCENTIVES. Requires the comptroller to report to the commission annually regarding motor vehicle purchase or lease incentives. Requires the comptroller to inform the commission and all new motor vehicle dealers and leasing agents if at any time during a fiscal year the balance available in the money allocated in the fund for motor vehicle purchase or lease incentives falls below 15 percent of the total amount allocated for the incentives during that fiscal year. Requires the comptroller by order, if the balance available for motor vehicle purchase or lease incentives falls below that amount, to suspend the incentives until the comptroller can certify that the balance available in the fund for incentives is an amount adequate to resume the incentives, but not later than the beginning of the next fiscal year. Requires the comptroller, if the comptroller suspends the incentives, to immediately notify the commission and all new motor vehicle dealers and leasing agents that the incentives have been suspended. Requires new motor vehicle dealers and leasing agents to suspend incentives on the 15th day after the date of the comptroller's notification of suspension of incentives.

[Sections 386.162-386.200 reserved for expansion]

#### SUBCHAPTER E. LOCAL GOVERNMENT GRANT PROGRAM

Sec. 386. 201. GRANT PROGRAM. Requires the commission to develop a competitive grant program to encourage certain environmentally-conscious actions. Authorizes the grant program developed under this section to be administered by municipalities or counties.

Sec. 386.202. COST-EFFECTIVENESS REQUIREMENT. Requires the amount of an award of a competitive grant under this subchapter to be based on the cost-effectiveness of reductions in emissions of oxides of nitrogen to be provided by the proposed project.

Sec. 386.203. GRANT PROJECTS. Authorizes grant projects under this subchapter to include targeted rebates and revolving loan programs for the purposes listed in Section 386.201(a). Requires each award to include a low-income component that provides for weatherization of residences and retirement and replacement of inefficient cooling equipment and other household appliances for low-income households.

Sec. 386.204. USE OF GRANT MONEY. Authorizes grant money to be used in conjunction with other energy efficiency programs but not to be used to replace other funds from other agencies. Authorizes grants, for the first two years of the program, to be awarded only in counties in nonattainment areas. Authorizes grants, in years three and four of the program, to also be awarded in affected counties. Authorizes grants, in subsequent years, to be awarded in all counties of the state.

Sec. 386.205. DISPOSAL OF RETIRED EQUIPMENT. Requires a grant recipient to assure that any appliance, residential cooling equipment, or lawn or garden equipment retired and replaced under this subchapter is recycled or disposed of in accordance with all applicable local, state, or federal requirements.

Sec. 386.206. PRICE INCREASE PROHIBITED; PENALTY. Prohibits the seller of an appliance, residential cooling equipment, or lawn or garden equipment or a provider of weatherization services from increasing the price of an appliance, residential cooling equipment, lawn or garden equipment, or weatherization services that is sold under a grant program authorized and developed under this subchapter by an amount that exceeds the incremental cost to the seller or provider. Provides that a violation of this section is punishable as a violation of the Deceptive Trade Practices-Consumer Protection Act (Chapter 17E, Business & Commerce Code).

[Sections 386.207-386.250 reserved for expansion]

#### SUBCHAPTER F. TEXAS EMISSIONS REDUCTION PLAN FUND

Sec. 386.251. FUND. Provides that the Texas emissions reduction plan fund is an account in the state treasury. Provides that the fund is administered by the comptroller for the benefit of the Texas emissions reduction plan established under this chapter. Provides that the fund consists of certain fees, surcharges, and payments.

Sec. 386.252. USE OF FUND. Authorizes money in the fund to be used only to implement and administer programs established under the Texas emissions reduction plan and requires it to be allocated for certain purposes. Authorizes up to 15 percent of the money allocated under this section to a particular program and not expended under that program by March 1 of the second fiscal year of a fiscal biennium to be used for another program under the Texas emissions reduction plan as determined by the commission in consultation with the advisory board.

#### CHAPTER 387. NEW TECHNOLOGY RESEARCH

Sec. 387.001. DEFINITION. Defines “program.”

Sec. 387.002. TEXAS COUNCIL ON ENVIRONMENTAL TECHNOLOGY. Provides that the Texas Council on Environmental Technology (council) consists of certain members. Requires the governor to designate from the council members a presiding officer of the council. Sets forth provisions regarding terms of the council. Requires the council to work to enhance the entrepreneurial and inventive spirit of Texans to take certain actions to assist in developing solutions to. Requires council offices and projects to be housed at the Center for Energy and Environmental Resources at the University of Texas at Austin.

Sec. 387.003. NEW TECHNOLOGY RESEARCH AND DEVELOPMENT PROGRAM. Requires the council to establish and administer a new technology research and development program as provided by this chapter. Requires the council, under the program, to provide grants to be used to support development of emissions-reducing technologies that may be used for projects eligible for awards under Chapter 386 and other new technologies that show promise for commercialization. Provides that the primary objective of this chapter is to promote the development of commercialization technologies that will support projects that may be funded under Chapter 386 and this chapter.

Sec. 387.004. SOLICITATION OF NEW TECHNOLOGY PROPOSALS. Requires the council to issue specific requests for proposals or program opportunity notices for technology projects to be funded under the new technology research and development programs.

Sec. 387.005. ELIGIBLE PROJECTS; PRIORITIES. Requires grants awarded under this chapter to be directed toward a balanced mix of certain technologies. Requires the council to identify and evaluate and authorizes it to consider making grants for technology projects that

would allow qualifying fuels to be produced from energy resources in this state. Requires the council, in considering projects under this subsection, to give preference to projects involving otherwise unusable energy resources in this state and producing qualifying fuels at prices lower than otherwise available and low enough to make the projects to be funded under the program economically attractive to local businesses in the area for which the project is proposed. Requires the council, in soliciting proposals under Section 387.004 and determining how to allocate grant money available for projects under this chapter, to give special consideration to advanced technologies and retrofit or add-on projects that provide multiple benefits by reducing emissions or particulates and other air pollutants. Provides that a project that involves a technology that allows an onroad covered vehicle to replace with electric power, while the vehicle is parked, the power normally supplied by the vehicle's internal combustion engine is eligible for funding under this chapter if the project meets all applicable criteria. Provides that a project that involves publically or privately owned vehicles or vessels is eligible for funding under this chapter if the project meets all applicable criteria.

**Sec. 387.006. EVIDENCE OF COMMERCIALIZATION POTENTIAL REQUIRED.** Requires an application for a technology grant under this chapter to show clear and compelling evidence that certain criteria exists. Requires the council to consider specifically, for each proposed technology project application, certain criteria.

**Sec. 387.007. COST-SHARING.** Authorizes the council to require cost-sharing for technology projects funded under this chapter but prohibits it from requiring repayment of grant money.

**Sec. 387.008. ENVIRONMENTAL RESEARCH FUND.** Provides that the environmental research fund is an account in the general revenue fund, consisting of certain funds.

**Sec. 387.009. ADVISORY COMMITTEES.** Authorizes the council to appoint advisory committees as necessary or desirable to assist the council in performing its duties. Authorizes an advisory committee to include certain persons or entities.

**Sec. 387.010. REPORTS.** Sets forth provisions regarding reports submitted by the council to the legislature.

## CHAPTER 388. TEXAS BUILDING ENERGY PERFORMANCE STANDARDS

**Sec. 388.001. LEGISLATIVE FINDINGS.** Sets forth legislative findings.

**Sec. 388.002. DEFINITIONS.** Defines "accredited energy program," "advisory committee," "affected county," "building," "code administrator," "code-certified inspector," "commission," "international building code," "international residential code," "international energy conservation code," "laboratory," "local jurisdiction," "municipality," "single-family residential," and "structure."

**Sec. 388.003. ADOPTION OF BUILDING ENERGY PERFORMANCE STANDARDS.** Provides that to achieve energy conservation in single-family residential construction, the energy chapter in the International Residential Code, as it existed on May 1, 2001, is adopted as the energy code in this state for single-family residential construction. Provides that to achieve energy conservation in all other residential, commercial, and industrial construction, the International Energy Conservation Code as it existed on May 1, 2001, is adopted as the energy code for use in this state. Authorizes a municipality to establish certain procedures. Prohibits local amendments from resulting in less stringent energy efficiency requirements than the International Residential Code or International Energy Conservation Code. Requires the laboratory to determine, at the request of a municipality, the relative impact of proposed local

amendments to an energy code, including whether proposed amendments are substantially equal to, less stringent than the unamended code, and requires the laboratory to report certain information. Requires a municipality to periodically review and consider amendments made by the International Code Council to the International Energy Conservation Code and the International Residential Code energy chapter adopted after May 1, 2001.

Sec. 388.004. ENFORCEMENT OF ENERGY STANDARDS OUTSIDE OF MUNICIPALITY. Sets forth construction standards for a building outside of the local jurisdiction of a municipality.

Sec. 388.005. ADDITIONAL ENERGY CONSERVATION PROGRAMS IN NON-ATTAINMENT AREA AND AFFECTED COUNTY. Requires each municipality in an affected county and the affected counties to develop energy efficiency or weatherization programs for existing buildings that would result in energy savings equal to or greater than 10 percent of the projected energy savings that would result from the adoption of energy codes for new construction. Requires the laboratory by September 1, 2001, to develop and implement energy savings estimates and set targets for each municipality and affected county. Requires each municipality and affected county to develop and implement energy savings and weatherization programs to meet these targets. Authorizes the municipality and affected counties to use projected savings approved by the Public Utility Commission of Texas for certain energy efficiency measures to estimate the impact of such measures in local programs. Authorizes each municipality and affected county in calculating the effect of its program toward the additional savings established in this section, to count measures funded by the Texas Emission Reduction Program grant program in Subchapter E of this chapter, but prohibits it from counting energy efficient measures funded by other state or federal agencies required by Section 39.905 (Goal for Energy Efficiency), Utilities Code. Authorizes a municipality or county to adopt non-code energy performance standards for the sale and installation of certain equipment. Requires the laboratory, on request of a municipality, county or a regional government representation, to determine the additional energy savings potential from non-code energy performance programs being considered, and advise the requesting entity of its determination within 60 days. Authorizes the laboratory to review the specifications adopted the Environmental Protection Agency's Energy Star program or comparable nationally developed specifications, in consultation with the advisory committee, to determine whether modifications should be incorporated into the non-code energy performance standards available to jurisdictions under this section, and to modify the Energy Star, or comparable nationally developed, specifications as needed to assure certain conditions. Requires a municipality or affected county to submit an annual report to the laboratory on its progress under this section and requires the laboratory to submit the report to the commission for inclusion into the annual report as required by Section 386.057.

Sec. 388.006. GREEN BUILDING PERFORMANCE STANDARDS. Requires the laboratory to develop a series of green building guidelines that meet certain criteria.

Sec. 388.007. TEXAS BUILDING ENERGY PERFORMANCES STANDARDS ADVISORY COMMITTEE. Provides that the Texas Building Energy Performance Standards Advisory Board is composed of certain persons.

Sec. 388.008. APPLICATION OF STANDARDS. Provides that except as otherwise provided by this chapter, the International Energy Conservation Code and the energy chapter of the International Residential Code apply to any building or structure in this state for which a building permit application is received by a local jurisdiction on or after September 1, 2002.

Sec. 388.009. DISTRIBUTION OF INFORMATION AND TECHNICAL ASSISTANCE. Requires the laboratory to make available to certain persons code implementation materials that explain the requirements of the International Energy Conservation Code and the energy chapter

of the International Residential Code and describe methods of compliance acceptable to code enforcement officials. Requires the materials to include software tools, simplified prescriptive options, and other materials as appropriate. Requires the simplified materials to be designed for projects in which a design professional is not involved. Requires the laboratory to provide local jurisdictions with technical assistance concerning implementation and enforcement of the International Energy Conservation Code and the energy chapter of the International Residential Code.

Sec. 388.010. DEVELOPMENT OF ACCREDITATION PROGRAM FOR HOME ENERGY RATING SERVICES. Requires the laboratory, in consultation with the advisory committee, mortgage companies, and contractors who provide home energy rating services, to develop an accreditation program for energy rating services. Requires the laboratory, in establishing standards for the accreditation program, to consider available national home energy rating system guidelines and to base the ratings on the International Energy Conservation Code and the International Residential Code energy chapter. Requires the laboratory to develop procedures for determining whether a provider of home energy rating services meets accreditation standards developed under this section. Requires the laboratory to develop a standardized report format to be used by providers of home energy rating services. Requires the form to be designed to give potential buyers or enters information on a structure's building energy performance, including certain criteria. Requires the laboratory to establish a public information program to inform certain persons regarding the accreditation requirements for home energy rating services. Requires the laboratory to submit its home energy rating accreditation program to the advisory committee by September 1, 2002. Requires the home energy rating accreditation program to be implemented by September 1, 2003

SECTION 2. Amends Chapter 151C, Tax Code, by adding Section 151.0515, as follows:

Sec. 151.0515. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE. Defines "equipment." Provides that in each county in this state, a surcharge is imposed on the retail, sale, lease, or rental of new or used equipment in an amount equal to 0.25 percent of the sale price or the lease or rental amount, not to exceed a total amount of \$750 for each surcharge. Requires the surcharge to be collected at the same time and in the same manner and to be administered and enforced in the same manner as the tax imposed under this subchapter. Requires the comptroller to adopt any additional procedures needed for the collection, administration, and enforcement of the surcharge authorized by this section and to deposit all remitted surcharges to the credit of the Texas emissions reduction plan fund. Provides that this section expires September 30, 2008.

SECTION 3. Amends Chapter 152B, Tax Code, by adding Section 152.0215, as follows:

Sec. 152.0215. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE. Provides that a surcharge is imposed on every retail sale or lease of every onroad diesel motor vehicle over 14,000 pounds sold or leased in this state. Provides that the amount of the surcharge is one percent of the total consideration. Requires the surcharge to be collected at the same time and in the same manner and be administered and enforced in the same manner as the tax imposed under this subchapter. Requires the comptroller to adopt any additional procedures needed for the collection, administration, and enforcement of the surcharge authorized by this section and deposit all remitted surcharges to the credit of the Texas emissions reduction plan fund. Provides that this section expires September 30, 2008.

SECTION 4. Amends Section 153.203, Tax Code, by adding Subsection (b), to provide that the tax imposed by this subchapter does not apply to the volume of water that is blended together with taxable diesel fuel when the finished product sold or used is clearly identified on the retail pump, storage tank, and sales invoice as a combination of diesel fuel and water. Provides that this subsection expires August 31, 2008.

SECTION 5. Amends Chapter 156B, Tax Code, by adding Section 156.054, as follows:

Sec. 156.054. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE. Provides that in this section, “nonattainment area” and “affected county” have the meanings assigned by Section 386.001, Health and Safety Code. Requires a person owning, operating, managing, or controlling a hotel located in a nonattainment area or affected county to collect a surcharge imposed by this section. Provides that a \$1 surcharge is imposed on a person for each day that the person has the right to use or possess a room in a hotel that is ordinarily used for sleeping. Provides that Sections 156.101, 156.102, and 156.103 do not apply to the surcharge authorized by this section. Requires the surcharge to be collected at the same time and in the same manner and to be administered and enforced in the same manner as the tax imposed under this subchapter. Requires the comptroller to adopt any additional procedures needed for the collection, administration, and enforcement of the surcharge authorized by this section and to deposit all remitted surcharges to the credit of the Texas emissions reduction plan fund. Provides that this section expires September 30, 2008.

SECTION 6. Amends Section 224.153, Transportation Code, by adding Subsection (c), to provide that a motor vehicle displaying the “clean vehicle” insignia authorized by Section 502.186 is entitled to travel in a preferential car pool or high occupancy vehicle lane designated under this section regardless of the number of occupants in the vehicle. Provides that this subsection expires August 31, 2008.

SECTION 7. Amends Section 431.073, Transportation Code, by adding Subsection (d), to provide that a motor vehicle displaying the “clean vehicle” insignia authorized by Section 502.186 is entitled to travel in a high occupancy vehicle lane designated under this section regardless of the number of occupants in the vehicle. Provides that this subsection expires August 31, 2008.

SECTION 8. Amends Chapter 502D, Transportation Code, by adding Section 502.1675, as follows:

Sec. 502.1675. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE. Provides that in addition to the registration fees charged under Section 502.167, a surcharge is imposed on the registration of a truck-tractor or commercial motor vehicle under that section in an amount to 10 percent of the total fees due for the registration of the truck-tractor or commercial motor vehicle under that section. Requires the county tax assessor-collector to remit the surcharge collected under this section to the comptroller at the time and in the manner prescribed by the comptroller for deposit in the Texas emissions reduction plan fund. Provides that this section expires August 31, 2008.

SECTION 9. Amends Chapter 502D, Transportation Code, by adding Section 502.186, as follows:

Sec. 502.186. “CLEAN VEHICLE” INSIGNIA FOR CERTAIN MOTOR VEHICLES. Requires the department, at the time of registration or reregistration of the motor vehicle, to issue a specially designed “clean vehicle” insignia for a vehicle that is eligible for a motor vehicle purchase or lease incentive under Chapter 386D, Health and Safety Code. Requires the insignia issued under this section to include certain words. Requires the department to issue a “clean vehicle” insignia under this section without the payment of any additional fee to a person who meets certain conditions. Provides that this section expires August 31, 2008.

SECTION 10. Amends Chapter 548H, Transportation Code, by adding Section 548.5055, as follows:

Sec. 548.5055. TEXAS EMISSIONS REDUCTION PLAN FEE. Requires the department, in addition to other fees required by this subchapter, to fund the Texas emissions reduction plan established under Chapter 386, Health and Safety Code, to collect, for every motor vehicle required to be inspected under this chapter, certain fees. Requires the fees to be deposited in the Texas emissions reduction plan fund. Provides that this section expires August 31, 2008.

Makes conforming changes.

SECTION 11. Amends Section 681.009, Transportation Code, by adding Subsection (f), to require a political subdivision or a person who designates five or more parking spaces or a parking area for the exclusive use of vehicles transporting persons with disabilities, in a nonattainment area or an affected county in this state, to designate the same number of parking spaces or a parking area for the exclusive use of motor vehicles displaying “clean vehicle” insignia authorized by Section 502.186. Requires parking spaces or a parking area designated under this section to be as close to the building or area for which the spaces are provided as the parking spaces or parking area provided for vehicles transporting persons with disabilities. Provides that in this subsection, “nonattainment area” and “affected county” have the meanings assigned by Section 386.001, Health and Safety Code. Provides that this subsection expires August 31, 2008.

SECTION 12. Amends Chapter 31B, Parks and Wildlife Code, by adding Section 31.0265, to require each application for an original or renewal certificate of number for a motorboat that will be operated primarily in a nonattainment or affected county of this state, to be accompanied by a \$3 Texas emissions reduction plan surcharge in addition to any other fee required to be paid to the department. Provides that this section expires August 31, 2008. Makes conforming changes.

SECTION 13. Amends Chapter 20, Title 132, Revised Statutes, by adding Articles 9035 and 9036, as follows:

Art. 9035. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE ON TAXI FARES

Sec. 1. DEFINITIONS. Defines “fare,” “nonattainment area,” “affected county,” “taxi,” “subsidized fare for disabled passengers,” and “very-low-emissions vehicle.”

Sec. 2. APPLICATION. Provides that this article applies only in a nonattainment area or an affected county in this state.

Sec. 3. IMPOSITION AND COLLECTION OF SURCHARGE. Provides that a surcharge of 50 cents is imposed on each fare collected by the taxi driver for transportation by a taxi. Requires a taxi driver who is employed by or under contract with a taxi company to remit to the company at the end of each month the total amount of surcharges collected by the driver during that month, less five percent of the total to be retained by the driver. Requires the taxi company to remit to the comptroller at the end of each month the total amount of surcharges collected by drivers employed by the company, less five percent of the total to be retained by the company. Requires an independent taxi driver to submit to the comptroller at the end of each month the total amount of surcharges collected by the driver during that month, less five percent of the total to be retained by the driver. Requires the person required to remit the surcharge to maintain records of the surcharge in the manner prescribed by the comptroller and to remit the surcharge, less five percent, to the comptroller each month in the manner prescribed by the comptroller for deposit to the credit of the Texas emissions reduction plan fund.

Sec. 4. EXEMPTION FROM SURCHARGE. Provides that the surcharge imposed by this article does not apply if the taxi providing the transportation for which the fare is charged meets certain requirements.

Sec. 5. INTEREST AND PENALTIES. Provides that a person is liable for penalties and interest on surcharges that are not remitted when due in the same manner and at the same rate as provided for delinquent taxes by Section 111.060 (Interest on Delinquent Tax) and 111.061 (Penalty on Delinquent Tax or Tax Reports), Tax Code.

Sec. 6. CRIMINAL PENALTY. Provides that a person who violates this article or a rule adopted by the comptroller under this article commits an offense. Provides that an offense

under this section is a Class C misdemeanor.

Sec. 7. EXPIRATION. Provides that this article expires August 31, 2008.

Art. 9036. TEXAS EMISSIONS REDUCTION PLAN SURCHARGE ON THE SALE OF BUNKER FUEL

Sec. 1. DEFINITIONS. Defines “bunker fuel,” “petroleum refining facility,” and “importer.”

Sec. 2. IMPOSITION OF SURCHARGE. Provides that a surcharge of 25 cents per gallon is imposed on the sale of bunker fuel by a petroleum refining facility in this state. Requires a person who imports bunker fuel into this state for sale or use to pay to the comptroller a surcharge of 25 cents per gallon of bunker fuel imported into this state.

Sec. 3. EXEMPTIONS. Provides that the surcharge imposed by this section does not apply to bunker fuel sold by a petroleum refining facility or an importer for certain purposes.

Sec. 4. ADMINISTRATION, PAYMENT, COLLECTION, AND ENFORCEMENT. Provides that Chapters 101 and 111-113, Tax Code, apply to the administration, payment, collection, and enforcement of the surcharge imposed by this article in the same manner that those chapters apply to the administration, payment, collection, and enforcement of taxes under Title 2, Tax Code. Requires the comptroller to adopt any necessary rules for the administration, payment, collection, and enforcement of the surcharge and to deposit all surcharges remitted under this article to the Texas emissions reduction plan fund.

Sec. 5. EXPIRATION. Provides that this article expires August 31, 2008.

SECTION 14. Requires the commission, not later than the 45th day after the effective date of this Act, to adopt all necessary rules, guidelines, or criteria required to implement programs established under this Act. Requires the comptroller, not later than the 45th day after the effective date of this Act, to adopt all rules necessary to enable the comptroller to carry out the comptroller’s duties under this Act. Requires the commission, pending final adoption of rules by the commission and the comptroller to implement programs established by this Act, to begin implementation of the programs using guidelines developed by a similar program currently operating in another state, modified as necessary for application in this state.

SECTION 15. Requires the commission and the comptroller, under certain conditions, to adopt rules necessary to implement the diesel emissions reduction incentive and the motor vehicle purchase or lease incentive programs. Requires by the commission, not later than September 1, 2001, to adopt criteria for setting priorities for projects eligible for grants under Chapter 386C, Health and Safety Code. Requires the commission to publish the first annual list of vehicles eligible for motor vehicle purchase or lease incentives, as required by Section 386.156, Health and Safety Code, as added by this Act, not later than the 30th day after the effective date of this Act.

SECTION 16. Provides that the vehicle purchase or lease incentives apply only to the sale or lease of a vehicle that occurs on or after January 1, 2002.

SECTION 17. Requires the Texas Department of Transportation, not later than the 45th day after the effective date of this Act, to make available to the county tax assessor-collector of each county in the state the “clean vehicle” insignia authorized by Section 502.186, Transportation Code, as added by this Act. Requires the county tax assessor-collector of each county in the state to begin issuing the “clean vehicle” insignia to persons who qualify for the insignia not later than the 10th working day after the date the insignia are available.

SECTION 18. Requires the appointing authorities, in making the initial appointments to the Texas

Emissions Reduction Plan Advisory Board, as created by Section 386.058, Health and Safety Code, as added by this Act, to designate their appointees so that six members' terms expire February 1, 2002, and seven members' terms expire February 1, 2003. Requires appointments to the advisory board to be made not later than July 1, 2001, or the effective date of this Act, whichever is later.

SECTION 19. Requires the governor to appoint members to the Texas Council on Environmental Technology (TCET) as soon as practicable after the Act's effective date. Requires the governor to designate the expiration of the appointees' terms.

SECTION 20. Requires the TCET to issue requests for proposals for projects to be funded under the new technology research and development program, not later than the 30th day after the adoption of rules governing the program.

SECTION 21. Requires the commission, on the effective date of this Act, to submit to the United States Environmental Protection Agency a revision to the state implementation plan that deletes the requirements of the construction shift and early purchase of Tier 2 and Tier 3 equipment and adds the provisions of this Act.

SECTION 22. Provides that the Texas emissions reduction plan fund and the environmental research fund are accounts in the general revenue fund and the accounts and money deposited to the accounts are exempt from any Act of the 77th Legislature, Regular Session, 2001. Requires the deposit of money that would be deposited to the credit of a special account or fund to be deposited to the credit of a special account or fund deposited to the credit of the unobligated portion of the general revenue fund unless the fund, account, or dedication is exempted under that Act. Provides that this section prevails over any Act of the 77th Legislature, Regular Session, 2001.

SECTION 23. Requires the commission to submit the final biennial plan report to the legislature not later than December 1, 2008.

SECTION 24. Sets forth that expiration of Sections 151.0515, 152.0215, and 156.054, Tax Code, and Articles 9035 and 9036, Revised Statutes, as added by this Act, does not affect an obligation that was incurred, a violation that occurred, or an offense that was committed under those sections or articles before the expiration date of those sections or articles. Provides that violation occurs or an offense is committed before the expiration of those sections or articles if any element of the violation or offense occurs before that date.

SECTION 25. Effective date: upon passage or September 1, 2001.

## **SUMMARY OF COMMITTEE CHANGES**

SECTION 1. Amends As Filed S.B. 5, as follows:

- Amends language in previously proposed Chapter 386 regarding TEXAS EMISSIONS REDUCTION PLAN.
- Adds new proposed Chapter 387. NEW TECHNOLOGY RESEARCH AND DEVELOPMENT PROGRAM
- Adds new proposed Chapter 388. TEXAS BUILDING ENERGY PERFORMANCE STANDARDS

SECTION 2. Amends Chapter 151C, Tax Code, Section 151.0515, to define "equipment," add an expiration date for the section, and make conforming and nonsubstantive changes.

SECTION 3. Deletes the proposed amendments to Chapter 151H, Tax Code, and redesignates SECTION 4 of the original as SECTION 3. Amends proposed Section 152.0215, Chapter 152B, Tax Code, to add an expiration date for the section and make a clarifying change.

SECTION 4. Amends Section 153.203, Tax Code which was not amended in the original. Deletes original SECTION 5, which amended Section 153.001(5), Tax Code, to redefine “diesel fuel.”

SECTION 5. Redesignates SECTION 6 of the original as SECTION 5. The substitute clarifies and expands the text of proposed Section 156.054, Tax Code, and adds an expiration date to the proposed section.

SECTION 6. Redesignates SECTION 8 of the original as SECTION 6 and adds an expiration date to the proposed new Section 224.153(c), Transportation Code.

Deletes SECTION 7 of the original, which proposed amending Chapter 171 of the Tax Code by adding SUBCHAPTER S. TAX CREDIT FOR USE OF LIQUIFIED GAS TO FUEL MOTOR VEHICLES.

Deletes SECTION 9 (which amended Section 224.155, Transportation Code), SECTION 10 (which amended Section 361.179, Transportation Code), and SECTION 11 (which amended Section 366.173, Transportation Code) of the original bill.

SECTION 7. Redesignates SECTION 12 of the original as SECTION 7 and amends proposed Section 471.073(d), Transportation Code.

SECTION 8. Redesignates SECTION 13 of the original as SECTION 8 and amends proposed Section 502.1675, Transportation Code, by adding an expiration date to the section.

SECTION 9. Amends Chapter 502D, Transportation Code, by adding Section 502.186.

Deletes SECTION 14 (proposed Section 502.1715, Transportation Code), SECTION 15 (proposed Section 502.2665, Transportation Code), and SECTION 16 (proposed Section 521.421(c), Transportation Code) of the original bill.

SECTION 10. Redesignates SECTION 17 of the original as SECTION 10. Amends proposed Section 548.5055, Transportation Code, by adding an expiration date to the section and making conforming changes.

Deletes SECTION 18 (which amended Section 643.053, Transportation Code) of the original bill.

SECTION 11. Redesignates SECTION 19 of the original as SECTION 11. Amends proposed Section 681.009(f), Transportation Code, by adding an expiration date to the subsection and making conforming changes.

SECTION 12. Redesignates SECTION 20 of the original as SECTION 12 and amends proposed Section 31.0265 by adding an expiration date to the Section and by making conforming changes.

SECTION 13. Redesignates SECTION 21 of the original as SECTION 13 and amends proposed Articles 9035 and 9036, Revised Statutes.

Deletes SECTION 22, regarding compliance of energy-efficient standards for new construction, and SECTION 23, regarding an emissions reduction plan surcharge as fuel for marine vessels, of the original bill.

SECTION 14. Redesignates from SECTION 24 of the original.

SECTIONS 15-25. Contains both new and amended SECTIONS relating to the implementation of this Act.

Deletes SECTIONS 27-29, and 31 of the original bill.