



TEXAS EMISSIONS REDUCTION PLAN (TERP)

The Texas Emissions Reduction Plan Account No. 5071 is a GR-D account established by Senate Bill 5, 77th Legislature, 2001. The same bill established the Texas Emissions Reduction Plan (TERP) program. Senate Bill 1731, 85th Legislature, 2017, extended the TERP program (but not TERP revenues) to the end of the biennium in which Texas attains the national ambient air quality standards for ground-level ozone. TERP is a grant program available in areas of the state that are in non-attainment or near non-attainment with federal Clean Air Act (CAA) standards. Grants are provided to eligible individuals, businesses, or local governments to reduce emissions from on-road vehicles, non-road commercial and industrial equipment, marine vessels, locomotives, and stationary engines. Funding may be reallocated between programs based on grant demands.

REVENUE



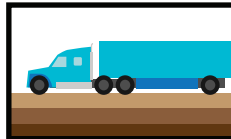
CERTIFICATE OF TITLE FEE
\$20 per title transfer of which \$15 deposited to Mobility Fund, with TERP Account reimbursed an equal amount by the State Highway Fund



DIESEL EQUIPMENT SURCHARGE
2% on the cost of the equipment



MOTOR VEHICLE SALES & USE FEE
1% to 2.5% on sale and use of on-road diesel vehicles



COMMERCIAL MOTOR VEHICLE REGISTRATION FEE
10% surcharge

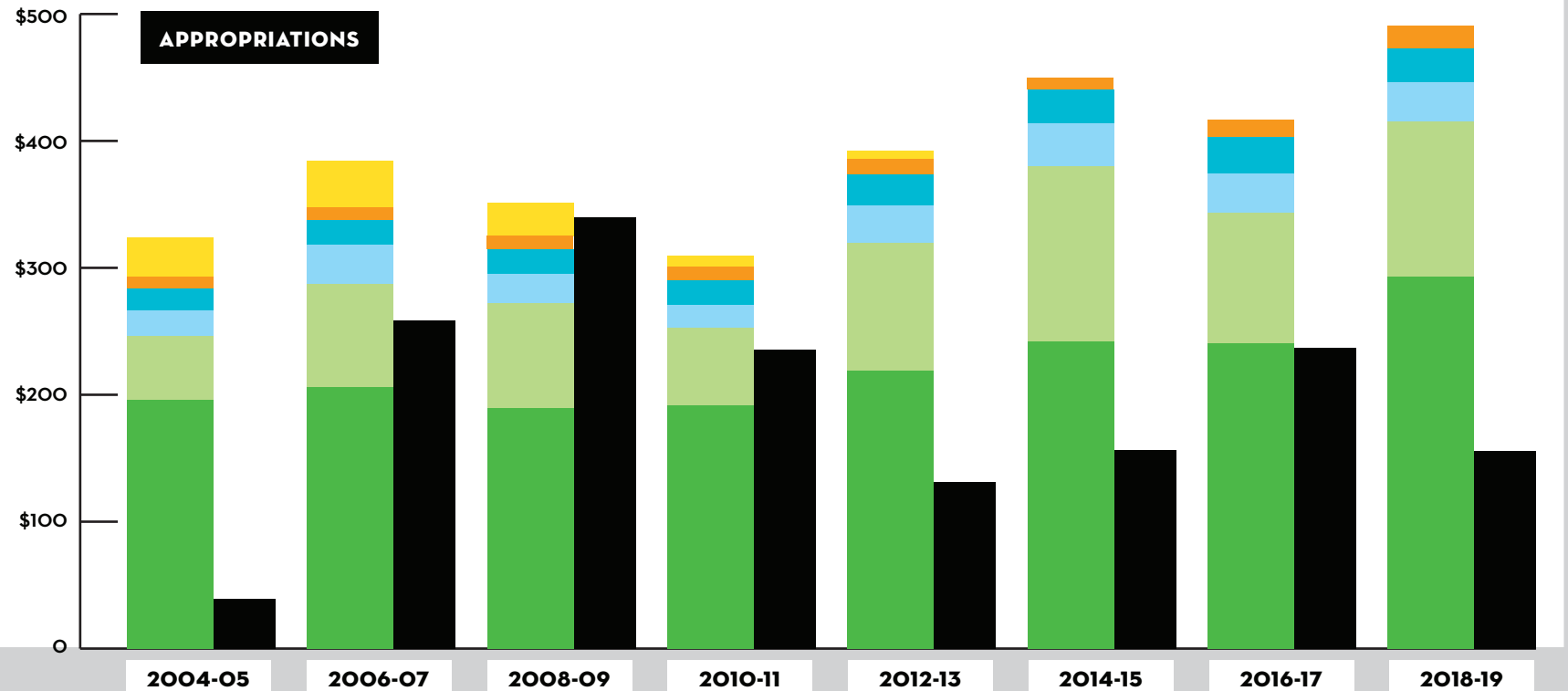


COMMERCIAL MOTOR VEHICLE INSPECTION FEE
\$10 surcharge



OTHER
Cash transfers and interest

REVENUE & APPROPRIATIONS (IN MILLIONS)



2003 [HB 1365, 78R]
Certificate of title fee increased by \$20 in nonattainment areas and \$15 in all other areas. Increase deposited to the TERP Fund.

2009 [HB 1365, 78R]
The \$20 or \$15 increase in the certificate of title fee is deposited to the Texas Mobility Fund, except for \$5, deposited directly to the TERP Fund.

2009 [HB 2481, 79R]
The State Highway Fund was required to transfer to the TERP Fund an amount equal to the certificate of title fee collections deposited to the Texas Mobility Fund.

2016 [SB 12, 8OR]
The \$5 from the certificate of title fee deposited to the TERP Fund was diverted to the Texas Mobility Fund.

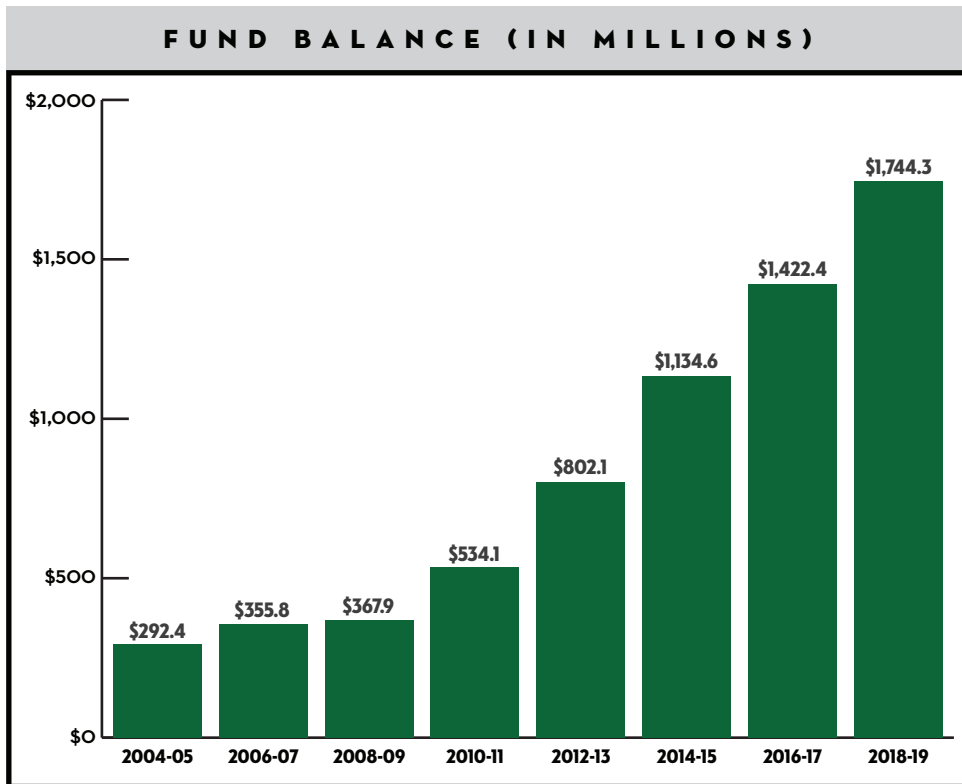
2019
All TERP Fund revenues are set to expire at the end of fiscal year 2019.



APPROPRIATIONS

Appropriations are made from the TERP Account to TCEQ and the Texas Engineering Experiment Station (TEES). Use of the TERP Account funding is prescribed in the Health and Safety Code, §386.252, which also provides for a transfer of \$500,000 annually from TERP to the Clean Air Account. Appropriations to TEES fund energy efficiency research relating to building codes. Appropriations to TCEQ fund various grant programs, research, and agency administration.

TERP Account revenues (to the TERP Account) that are not appropriated remain in the account balance and can be used for certification of the General Appropriations Act. For the 2018-19 biennium, the Comptroller used \$1,744.3 million in balances in the TERP Account towards certification.



ANNUAL ALLOCATIONS

After amounts listed below are allocated, remaining appropriations go to the Diesel Emissions Reduction Incentive Grant Program. For the \$154.7 million TERP appropriation in the 2018-19 biennium, the initial allocation to this program was \$72.3 million. TCEQ is authorized to reallocate appropriations between programs based on grant demands.

10%
Natural Gas Vehicle Incentive Grant Program: Grants to replace medium and heavy-duty vehicles with natural gas vehicles.

6%
Seaport and Rail Yard Areas Emissions Reduction Program: Grants to replace older drayage trucks operating in seaports and railyards.

5%
Clean Fleet Program: Grants to replace heavy-duty on-road diesel vehicles with alternative fuel and hybrid vehicles.

5%
Light-Duty Motor Vehicle Purchase or Lease Incentive Program: Rebate grants for the purchase of light-duty vehicles powered by alternative fuel or electricity.

4%
Clean School Bus Program: Grants to install retrofit systems on school buses to reduce emissions from diesel exhaust.

3%
New Technology Implementation Grant Program: Grants for advanced clean energy projects, projects that reduce emissions from point sources and upstream/midstream oil and gas activities, and electricity storage projects.

BETWEEN \$6 & \$8 MILLION

Administration: Direct and indirect costs for administering the TERP program, including outreach and education activities.

\$6,000,000
Alternative Fueling Facilities Program: Grants for facilities to provide alternative fuel along major highways and in nonattainment areas. (First year of 2018-19 biennium.)

\$3,000,000
Regional Air Monitoring Program: Funding for air monitoring, including operation and data validation, in North Texas.

\$750,000
Air Quality Research: Funding for contracted air quality research by a nonprofit organization or institution of higher education.

\$500,000
Cargo Movement Studies/Pilot Programs: Funding for port authority related studies or pilot programs to encourage cargo movement that reduces emissions.

\$216,000
Energy Systems Laboratory Contract: Contract with Texas Engineering Experiment Station Energy Systems Laboratory for development and computation of creditable statewide emission reductions from renewable energy resources.

\$200,000
Health Effects Study: Funding for research to determine the effects of air pollution on human health.

REMAINING BALANCE

Diesel Emissions Reduction Incentive Program: Grants and rebates to reduce emissions from mobile sources, non-road equipment, stationary equipment, and other sources.