
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1339 Session of
2022

INTRODUCED BY YAW, MARTIN, GORDNER, SCAVELLO, ARGALL, PITTMAN,
J. WARD, YUDICHAK, VOGEL, DiSANTO, GEBHARD, BOSCOLA, STREET,
BARTOLOTTA, ROBINSON, SCHWANK, FLYNN AND STEFANO,
OCTOBER 3, 2022

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, OCTOBER 3, 2022

AN ACT

1 Amending the act of November 29, 2004 (P.L.1376, No.178),
2 entitled "An act relating to alternative fuels; establishing
3 the Alternative Fuels Incentive Fund; authorizing grants and
4 rebates to promote the use of alternative fuels; imposing
5 duties on the Department of Environmental Protection;
6 providing for an annual report; allocating funds collected
7 from the utilities gross receipts tax; making an
8 appropriation; abrogating regulations; and making a repeal,"
9 further providing for title of act, for short title of act,
10 for definitions and for Alternative Fuels Incentive Fund;
11 repealing provisions relating to biomass-based diesel
12 production incentives; further providing for annual report;
13 and repealing provisions relating to interfund transfer.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. The title and sections 1, 2 and 3 of the act of
17 November 29, 2004 (P.L.1376, No.178), known as the Alternative
18 Fuels Incentive Act, are amended to read:

19 AN ACT

20 Relating to [alternative] low-emission transportation fuels;
21 establishing the [Alternative] Low-Emission Transportation
22 Fuels Incentive Fund; authorizing grants and rebates to

1 promote the use of [alternative] low-emission transportation
2 fuels; imposing duties on the Department of Environmental
3 Protection; providing for an annual report; allocating funds
4 collected from the utilities gross receipts tax; making an
5 appropriation; abrogating regulations; and making a repeal.

6 Section 1. Short title.

7 This act shall be known and may be cited as the [Alternative]
8 Low-Emission Transportation Fuels Incentive Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall
11 have the meanings given to them in this section unless the
12 context clearly indicates otherwise:

13 ["Accredited laboratory." A laboratory accredited by the
14 American Society for Testing and Materials International.]

15 "Alcohols." Fuels composed of 85% ethanol or methanol and
16 15% gasoline.

17 ["Alternative energy source." Includes, but is not limited
18 to, any of the following sources of energy: wind, solar
19 photovoltaic, solar thermal, combined heat and power, integrated
20 gasification combined cycle, geothermal, low-impact
21 hydroelectric, biomass, biologically derived methane gas, coal
22 bed methane gas, fuel cells, waste coal and distributed
23 generated systems.

24 "Alternative fuel producer." A producer of an alternative
25 fuel whose production facility of alternative fuel is located
26 within this Commonwealth.

27 "Alternative fuel vehicle." A self-propelled vehicle
28 operating on an alternative fuel designed for transporting
29 persons or property. This term includes a bi-fuel vehicle, dual-
30 fuel vehicle, hybrid vehicle and dedicated vehicle.

1 "Alternative fuels." Motor vehicle fuels and fuel systems
2 which when compared to conventional gasoline or reformulated
3 gasoline, diesel fuel, oil or coal will result in lower
4 emissions of oxides of nitrogen, volatile organic compounds,
5 carbon monoxide or particulates, toxic air pollutants,
6 greenhouse gases or any combination thereof. These shall
7 include, but are not limited to, compressed natural gas (CNG),
8 liquefied natural gas (LNG), liquid propane gas (LPG), alcohols
9 (ethanol - e85 and methanol - m85), hydrogen, hythane (any
10 combination of CNG and hydrogen), biofuels and electricity.]

11 "American Society for Testing and Materials International."
12 The nonprofit organization which develops consensus standards
13 for materials, products, systems and services.

14 "Bi-fuel vehicle" or "dual-fuel vehicle." A vehicle that
15 operates on [an alternative] a low-emission transportation fuel
16 and gasoline or [an alternative] a low-emission transportation
17 fuel and diesel fuel. This term includes original equipment
18 manufacturer (OEM) and retrofitted vehicles.

19 "Biodiesel fuel." Either of the following:

20 (1) A biofuel derived from vegetable oils or animal fats
21 that is designated B100 and meets the American Society of
22 Testing and Materials International specification D6751.

23 (2) Fuel comprised of 20% biodiesel with 80% diesel fuel
24 that is designated B20.

25 "Biofuels." Fuels derived from alcohols, ether, esters and
26 other chemicals made from cellulosic biomass such as herbaceous
27 and woody plants, agricultural and forestry residues and a large
28 portion of municipal solid and industrial waste.

29 "Biomass-based diesel." The term shall have the meaning set
30 forth in section 211(o) (1) (D) of the Clean Air Act (69 Stat.

1 322, 121 Stat. 1519, 42 U.S.C. § 7545(o)(1)(D)) and shall meet
2 the ASTM Specification D6751 Standard Specification for
3 Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels or
4 its successor standard.

5 "Dedicated vehicle." A vehicle that runs exclusively on [an
6 alternative] a low-emission transportation fuel. This term
7 includes an original equipment manufacturer or retrofit vehicle.

8 "Department." The Department of Environmental Protection of
9 the Commonwealth.

10 "Diesel fuel." Diesel engine fuel and all [other liquids]
11 non-biomass-based liquid fuels suitable for the generation of
12 power for the propulsion of motor vehicles except gasoline.

13 "Fleet." A group of ten or more vehicles, comprised of
14 passenger cars, light-duty trucks, buses and heavy-duty trucks
15 up to 26,000 pounds gross vehicle weight that is owned and
16 operated by a single school district, municipal authority,
17 political subdivision, nonprofit entity, corporation, limited
18 liability company or partnership located within this
19 Commonwealth.

20 "Fund." The [Alternative] Low-Emission Transportation Fuels
21 Incentive Fund established under section 3.

22 "Gallon." The quantity of fluid or liquid at a temperature
23 of 60 degrees Fahrenheit necessary to completely fill a United
24 States standard gallon liquid measure.

25 "Gasoline." The same as a motor fuel and also means every
26 liquid petroleum product, or combination thereof, other than
27 solvents having an Atmospheric Pressure Index gravity of 46
28 degrees or above at a temperature of 60 degrees Fahrenheit and
29 at atmospheric pressure and includes drip, casing head or
30 natural gasoline. The term includes liquid of less than 46

1 degrees Atmospheric Pressure Index gravity at a temperature of
2 60 degrees Fahrenheit compounded, blended, manufactured or
3 otherwise produced by mixing or blending gasoline or solvents
4 with blending materials when the blended product can be used for
5 generating power in internal combustion engines. Gasoline Gallon
6 Equivalent (GGE) conversion of natural gas under standard
7 conditions to the equivalent of a gallon of gasoline so that 1
8 GGE is 126.67 cubic feet of natural gas.

9 ["Hybrid vehicle." A motor vehicle that draws propulsion
10 energy from onboard sources of stored energy that are both:

11 (1) An internal combustion engine using combustible
12 fuel.

13 (2) A rechargeable energy storage system.]

14 "Incremental cost." Either of the following:

15 (1) The difference between the purchase price of [an
16 alternative] a low-emission transportation fuel vehicle and
17 the purchase price of a same or similar model gasoline-only
18 or diesel-only fueled vehicle.

19 (2) The difference between the base price of
20 conventional [diesel] fuel and biodiesel fuel.

21 "Low-emission transportation fuel." A motor vehicle fuel
22 which, when compared to conventional gasoline, reformulated
23 gasoline or diesel fuel, will result in lower emissions of
24 oxides of nitrogen, volatile organic compounds, greenhouse gases
25 or particulates or any combination thereof when evaluated on a
26 life cycle analysis. These shall include, but are not limited
27 to, compressed natural gas (CNG), liquid natural gas (LNG),
28 liquid propane gas (LPG), alcohols (ethanol - e85 and methanol -
29 m85), biomass-based fuels, hydrogen, hythane (any combination of
30 CNG and hydrogen) and renewable natural gas.

1 "Low-emission transportation fuel vehicle." A self-propelled
2 vehicle operating on a low-emission transportation fuel designed
3 for transporting persons or property. This term includes a bi-
4 fuel vehicle, dual-fuel vehicle and dedicated vehicle.

5 "OEM." The original equipment manufacturer.

6 "OEM vehicle." A vehicle originally manufactured to run on
7 [an alternative] a low-emission transportation fuel.

8 ["Qualified biomass-based diesel producer." A producer of
9 25,000 gallons or more of biomass-based diesel per month with
10 its principal production facility in this Commonwealth that has
11 complied with the requirements of section 3.1(a)(2) and that is
12 in compliance with all laws and current in all obligations to
13 the Commonwealth.]

14 "Qualified low-emission transportation fuel producer." A
15 producer of low-emission transportation fuel whose production
16 facility of low-emission transportation fuel is located within
17 this Commonwealth.

18 ["Renewable energy." Energy derived from solar, wind,
19 geothermal and hydroelectric sources.]

20 "Renewable natural gas." Biodiesel or biogas, including
21 biogas derived from municipal solid waste, industrial and food
22 waste, wastewater treatment and animal manure, resulting from
23 the decomposition of that organic matter under anaerobic
24 conditions, the principal constituents of which are methane and
25 carbon dioxide, that has been upgraded for use in place of
26 fossil natural gas, gasoline or diesel fuel.

27 "Retrofit." Install [an alternative] a low-emission
28 transportation fuel system into a gasoline-fueled vehicle.

29 ["Stationary power facility." A fixed, in-place facility
30 that generates electric power for distribution into the electric

1 distribution system or for use onsite as primary power or backup
2 power for critical need or at adjacent locations not connected
3 to the electricity grid for primary power.]

4 Section 3. [Alternative] Low-Emission Transportation Fuels
5 Incentive Fund.

6 (a) Establishment.--There is [hereby] established a separate
7 account in the State Treasury to be known as the [Alternative]
8 Low-Emission Transportation Fuels Incentive Fund. This fund
9 shall be administered by the department for the purposes of this
10 act. [The fund shall consist of that portion of revenues
11 allocated from the utilities gross receipts tax as set forth in
12 section 5.]

13 (b) Expenditures.--

14 (1) [Moneys] Money from the fund shall be expended by
15 the department:

16 (i) As grants to school districts, municipal
17 authorities, political subdivisions, nonprofit entities,
18 corporations, limited liability companies or partnerships
19 incorporated or registered in this Commonwealth to
20 provide funding for:

21 (A) The expenses relative to retrofitting
22 vehicles to operate on [alternative] low-emission
23 transportation fuels as either a bi-fuel, dual-fuel[,
24 hybrid] or dedicated vehicle.

25 (B) The incremental cost of purchase of bi-fuel,
26 dual-fuel[, hybrid] or dedicated vehicles.

27 (C) The cost to purchase and install the
28 necessary fleet refueling [or home-refueling]
29 equipment for bi-fuel, dual-fuel[, hybrid] or
30 dedicated vehicles.

1 [(D) The cost to perform research, training
2 development and demonstration of new applications or
3 next-phase technology related to alternative fuel
4 vehicles.]

5 (ii) As grants to individual residents of this
6 Commonwealth who purchase [an alternative] a low-emission
7 transportation fuel vehicle for the cost to purchase and
8 install the necessary home refueling equipment for bi-
9 fuel, dual-fuel[, hybrid] or dedicated vehicles.

10 (iii) As grants to school districts, municipal
11 authorities, political subdivisions and nonprofit
12 entities to cover the incremental cost to purchase
13 [biofuel] low-emission transportation fuel.

14 (iv) As rebates to residents of this Commonwealth to
15 meet the incremental cost to individuals who purchase a
16 bi-fuel, dual-fuel[, hybrid] or dedicated vehicle.

17 (v) As rebates to residents, school districts,
18 municipal authorities, political subdivisions, nonprofit
19 entities, corporations, limited liability companies or
20 partnerships incorporated or registered in this
21 Commonwealth to meet the incremental cost to purchase
22 low-emission transportation fuels that have been produced
23 in this Commonwealth by a qualified low-emission
24 transportation fuel producer.

25 (2) [Moneys] Money from the fund may be expended by the
26 department as reimbursement of up to 10¢ per gallon in a
27 calendar year for up to 12,500,000 gallons of [renewable]
28 low-emission transportation fuels produced by a qualified
29 [renewable fuels] low-emission transportation fuel producer.

30 (3) One year after the effective date of this act and

1 for every year thereafter, the amount of funding by the
2 department under this subsection shall be evaluated to
3 determine whether an adjustment in funding level is
4 appropriate. The evaluation criteria shall be based on
5 economic and regulatory conditions that affect the
6 feasibility of [alternative] low-emission transportation
7 fuels and the financial solvency of the fund. At no time
8 shall the grant or rebate funding amount be below the amounts
9 specified in this section.

10 (4) No more than [1.5%] 0.5% of the fund may be used to
11 administer the provisions of this act.

12 (4.1) No more than [0.5%] 1.0% of the fund may be used
13 to educate and do outreach to [car] automotive dealers and
14 consumers about this program.

15 (5) No more than 10% of the fund may be awarded to any
16 one school district, municipal authority, political
17 subdivision, nonprofit entity, corporation, limited liability
18 company, partnership or resident of this Commonwealth in any
19 one year, provided that the total amount of grants awarded
20 and rebates provided to grant and rebate recipients within a
21 political subdivision in a year shall not exceed 15% of the
22 fund. However, if the total grant and rebate money to be
23 awarded in that year is less than the total grant money
24 available for that year, the department may increase the 10%
25 and 15% funding levels established under this paragraph not
26 to exceed 40% of the fund.

27 [(6) Beginning fiscal year 2008-2009, through and
28 including fiscal year 2010-2011, the department may expend up
29 to \$100,000 annually from the fund for a nitrogen tire
30 inflation grant program. The department may award matching

1 grants of up to 50% of the costs of purchasing and installing
2 a nitrogen tire inflation system to automotive service
3 providers who sell tires in this Commonwealth. Individual
4 grants may not exceed \$5,000 per nitrogen tire inflation
5 system. The department shall publish guidelines as necessary
6 to implement the provisions of this subsection and maintain a
7 registry of all grant recipients on the department's publicly
8 accessible World Wide Web site.]

9 (c) Grant program.--The department shall establish a formula
10 and method for the awarding of grants under [the program]
11 subsection (b) (1) (i). The department also shall establish a
12 method by which grant applications will be prioritized according
13 to, but not limited to, the following goals and criteria:

14 (1) The improvement of this Commonwealth's air quality.

15 (2) The fulfillment of the Commonwealth's
16 responsibilities under the Clean Air Act (69 Stat. 322, 42
17 U.S.C. § 7401 et seq.).

18 (3) The protection of this Commonwealth's natural
19 environment, including land, water and wildlife.

20 (4) The advancement of economic development in this
21 Commonwealth and the promotion of this Commonwealth's
22 indigenous resources.

23 (5) The reduction of this Commonwealth's dependence on
24 imported crude oil and other petroleum products.

25 (6) The most cost-effective use of private and public
26 funding.

27 [(7) The transfer and commercialization of innovative
28 alternative energy technologies.]

29 (c.1) Posting of forms.--The department shall make the grant
30 application forms under subsection (c) available on the publicly

1 accessible Internet website of the department.

2 (d) Rebate program.--[There is hereby established a rebate
3 program within the department for individuals residing in this
4 Commonwealth who purchase a hybrid, plug-in hybrid or other
5 alternative fuel vehicle] The department shall establish a
6 formula and method for the awarding of rebates under subsection
7 (b)(1)(v) as follows:

8 (1) [The department shall establish a formula and method
9 for the awarding of rebates under this program. The
10 department shall publish this information yearly in the
11 Pennsylvania Bulletin and may also publish this information
12 on the department's World Wide Web site. Rebates shall be
13 provided to the extent that funding is available for this
14 purpose.] To the extent that applications for rebates exceed
15 the available funds for this program, the department may
16 award rebates on a pro rata basis.

17 (2) A request for a rebate must be submitted to the
18 department no later than six months after the purchase date
19 of the [hybrid, plug-in hybrid or other alternative fuel]
20 low-emission transportation fuel vehicle, in a form and
21 manner prescribed by the department. The department shall
22 provide an application form [to an individual] upon request,
23 and the department [may] shall make the application form
24 available on [its World Wide Web site or through the place of
25 purchase of a hybrid, plug-in hybrid or other alternative
26 fuel vehicle.] the department's publicly accessible Internet
27 website.

28 (3) Applicants shall provide a copy of a valid
29 Pennsylvania vehicle registration and proof of purchase when
30 making a request for a rebate under this program.

1 (e) Publication.--The formula, methods and criteria under
2 subsections (c) and (d) shall be transmitted to the Legislative
3 Reference Bureau for annual publication in the Pennsylvania
4 Bulletin and shall be posted annually on the department's
5 publicly accessible Internet website.

6 Section 2. Section 3.1 of the act is repealed:

7 [Section 3.1. Biomass-based diesel production incentives.

8 (a) Incentives.--The department shall expend up to
9 \$5,300,000 annually from the fund unless the balance of the fund
10 is less than \$5,300,000 on the first day of the fiscal year, in
11 which case the department shall expend up to one-third of the
12 balance of the fund:

13 (1) As a production incentive of 75¢ per gallon for
14 biomass-based diesel produced in this Commonwealth beginning
15 July 1, 2008, and sold in this Commonwealth for commercial
16 transportation purposes or for residential heating. In the
17 case of biomass-based diesel, this incentive shall be
18 available through June 30, 2011. If the total monthly amount
19 of production incentives applied for by all qualified
20 applicants exceeds the remaining amount available for those
21 incentives, then the incentive shall be prorated among all
22 qualified applicants. An individual qualified biomass-based
23 diesel producer shall not receive more than \$1,900,000 in
24 incentives in any one fiscal year. For purposes of this
25 section, all facilities under common ownership shall be
26 counted as a single facility.

27 (2) A producer of biomass-based diesel in this
28 Commonwealth shall file for the production incentive on a
29 monthly basis on a form furnished by the department. The form
30 shall require the producer to submit proof of production of

1 the biomass-based diesel and the number of gallons sold
2 during the previous calendar month and such other information
3 as the department deems appropriate. A biomass-based diesel
4 producer shall also submit a certificate of analysis from an
5 accredited laboratory for every 500,000 gallons of biomass-
6 based diesel produced showing that the biodiesel meets the
7 ASTM Specification D6751, Standard Specification for
8 Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels
9 or its successor standard.

10 (b) Exception.--A qualified biomass-based diesel producer
11 who receives an incentive under this section shall not be
12 eligible to receive an incentive under section 3.]

13 Section 3. Section 4 of the act is amended to read:

14 Section 4. Annual report.

15 The department shall annually make a report to the
16 Environmental Resources and Energy Committee of the Senate and
17 the Environmental Resources and Energy Committee of the House of
18 Representatives [on], including, but not limited to, the
19 activities undertaken pursuant to this act, including the number
20 of grants awarded, rebates given and other expenditures from the
21 fund.

22 Section 4. Section 5 of the act is repealed:

23 [Section 5. Interfund transfer.

24 (a) General rule.--The department may transfer money from
25 the Alternative Fuels Incentive Fund to the Energy Development
26 Fund one time during the fiscal year beginning July 1, 2004.

27 (b) Use of transferred funds.--

28 (1) Funds transferred to the Energy Development Fund
29 under this section shall be used to provide financial
30 assistance for research directly related to alternative

1 energy sources and for the development and installation of
2 stationary power facilities within this Commonwealth that
3 utilize alternative energy sources to produce electric power.
4 The financial assistance offered under this section shall be
5 limited to grants and low-interest loans, at or below
6 prevailing interest rates and loan guarantees.

7 (2) These funds shall also be used to support the
8 establishment of public or private partnerships among
9 postsecondary institutions and private sector organizations.
10 The public or private sector partnerships should be designed
11 to support a broad program of research and development of
12 alternative energy power sources. Research funds shall be
13 directed toward those projects that can clearly demonstrate
14 that the technology being studied can be practically applied.

15 (c) Development of guidelines.--Prior to any usage of the
16 funds transferred to the Energy Development Fund, the department
17 shall develop guidelines for the application and use of these
18 funds, including all applicable eligibility criteria which shall
19 also describe the manner of application for financial assistance
20 and an application for assistance under this section. The
21 department shall provide these guidelines to the majority and
22 minority chairman of the Environmental Resources and Energy
23 Committee of the Senate and the majority and minority chairman
24 of the Environmental Resources and Energy Committee of the House
25 of Representatives 60 days prior to issuing the guidelines to
26 the general public. No financial assistance shall be provided to
27 any applicant by the department until guidelines are issued to
28 the general public. The department shall provide a reasonable
29 opportunity for the general public to apply for funds under this
30 section before making any financial assistance announcements or

1 awards.

2 (d) Lapse.--Any unexpended funds from the transfer shall
3 lapse to the General Fund on June 30, 2006.]

4 Section 5. This act shall take effect immediately.