

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1439 Session of
2002

INTRODUCED BY TOMLINSON, CORMAN, M. WHITE, WAGNER, ORIE, MUSTO,
ERICKSON, RHOADES, BOSCOLA, LEMMOND, GERLACH AND GREENLEAF,
MAY 16, 2002

REFERRED TO ENVIRONMENTAL RESOURCES AND ENERGY, MAY 16, 2002

AN ACT

1 Relating to alternative fuels; establishing the Alternative
2 Fuels Incentive Grant Fund; authorizing grants to promote the
3 use of alternative fuels; providing for reports; imposing
4 duties on the Department of Environmental Protection, the
5 Department of Transportation and the Department of Revenue;
6 making an appropriation; and making a repeal.

7 The General Assembly of the Commonwealth of Pennsylvania
8 hereby enacts as follows:

9 Section 1. Short title.

10 This act shall be known and may be cited as the Alternative
11 Fuels Incentive Grant Act.

12 Section 2. Definitions.

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

16 "Alcohols." Fuels composed of 85% ethanol or methanol and
17 15% gasoline.

18 "Alternative fuel vehicle." A self-propelled vehicle
19 designed for transporting persons or property on a road, street

1 or highway that includes, but is not limited to, bi-fuel, dual-
2 fuel and dedicated vehicles.

3 "Alternative fuels." Motor vehicle or stationary source
4 fuels and fuel systems which when compared to conventional
5 gasoline or reformulated gasoline, diesel fuel, oil or coal will
6 result in lower emissions of oxides of nitrogen, volatile
7 organic compounds, carbon monoxide or particulates, toxic air
8 pollutants, greenhouse gases or any combination thereof. These
9 shall include compressed natural gas (CNG), liquefied natural
10 gas (LNG), liquid propane gas (LPG), alcohols (ethanol - e85 and
11 methanol - m85), hydrogen, hythane (a combination of CNG and
12 hydrogen), biofuels, renewable energy sources, fuel cells and
13 electricity.

14 "Bi-fuel" or "dual-fuel." Vehicles that operate on an
15 alternative fuel and gasoline or an alternative fuel and diesel
16 fuel.

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

21 "Dedicated vehicle." A vehicle that runs exclusively on an
22 alternative fuel. This term includes original equipment
23 manufacturer vehicles.

24 "Department." The Department of Environmental Protection of
25 the Commonwealth.

26 "Diesel fuel." Diesel engine fuel and all other liquids
27 suitable for the generation of power for the propulsion of motor
28 vehicles except gasoline.

29 "Fund." The Alternative Fuels Incentive Grant Fund
30 established under section 3.

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

4 "Gasoline." The same as a motor fuel and also means every
5 liquid petroleum product, or combination thereof, other than
6 solvents having an Atmospheric Pressure Index gravity of 46
7 degrees or above at a temperature of 60 degrees Fahrenheit and
8 at atmospheric pressure and includes drip, casing head or
9 natural gasoline. The term includes liquid of less than 46
10 degrees Atmospheric Pressure Index gravity at a temperature of
11 60 degrees Fahrenheit compounded, blended, manufactured or
12 otherwise produced by mixing or blending gasoline or solvents
13 with blending materials when the blended product can be used for
14 generating power in internal combustion engines.

15 "Incremental cost." The difference between the purchase
16 price of an alternative fuel vehicle and the purchase price of a
17 same or similar model gasoline-only or diesel-only fueled
18 vehicle.

19 "OEM." The original equipment manufacturer.

20 "OEM vehicle." A vehicle originally manufactured to run on
21 an alternative fuel.

22 "Renewable energy." Energy derived from solar, wind,
23 geothermal and hydroelectric sources.

24 "Retrofit." Install an alternative fuel system into a
25 gasoline-fueled vehicle.

26 Section 3. Alternative Fuels Incentive Grant Fund.

27 (a) Establishment.--There is hereby established a separate
28 account in the State Treasury to be known as the Alternative
29 Fuels Incentive Grant Fund. This fund shall be administered by
30 the department. The fund shall consist of that portion of

1 revenues collected under the utilities gross receipts tax
2 collected as set forth in section 5.

3 (b) Expenditures.--

4 (1) Moneys from the fund shall be expended by the
5 department:

6 (i) As grants to school districts, municipal
7 authorities, political subdivisions, nonprofit entities
8 and corporations or partnerships incorporated or
9 registered in this Commonwealth and to residents of this
10 Commonwealth to meet 50% of the expenses relative to
11 retrofitting vehicles to operate on alternative fuels as
12 either a bi-fuel, dual-fuel or dedicated vehicle,
13 including the incremental cost of purchase of bi-fuel,
14 dual-fuel or dedicated vehicles, to meet 50% of the cost
15 to purchase and install the necessary fueling equipment
16 and to meet 50% of the cost to perform research,
17 development and demonstration of new applications or next
18 phase technology related to alternative fuel vehicles.

19 (ii) As grants to school districts, municipal
20 authorities, political subdivisions, nonprofit entities
21 and corporations or partnerships incorporated or
22 registered in this Commonwealth and to residents of this
23 Commonwealth to meet 50% of the cost to purchase and
24 install heating, lighting or power systems operating on
25 renewable energy sources or 50% of the cost of other
26 innovative energy-efficient technologies applicable to
27 stationary sources such as fuel cells.

28 (2) Two years after the effective date of this act and
29 for every two-year period thereafter, the grant funding
30 amount expended by the department under this subsection shall

1 be evaluated to determine whether an adjustment in funding is
2 warranted. The evaluation criteria shall be based on economic
3 and regulatory conditions that affect the feasibility of
4 alternative fuels and the financial solvency of the fund. At
5 no time shall grant expenditure amounts go below 20% or above
6 50%.

7 (3) No more than 5% of the fund may be used to
8 administer the provisions of this act.

9 (4) No more than 10% of the fund may go to any one
10 school district, municipal authority, political subdivision,
11 nonprofit entity, corporation or partnership in any one year,
12 provided that the total amount of grants made to grant
13 recipients within a political subdivision in a year shall not
14 exceed 15% of the fund. However, if the total grant money
15 awarded in that year is less than the total grant money
16 available for that year, the department may increase the 10%
17 and 15% funding levels established under this paragraph not
18 to exceed 40% of the fund.

19 (c) Application criteria.--The department shall establish a
20 method by which grant applications will be prioritized according
21 to, but not limited to, the following goals and criteria:

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

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

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

28 (4) The advancement of economic development in this
29 Commonwealth, the promotion of this Commonwealth's indigenous
30 resources and the development of this Commonwealth's

renewable energy sources and biofuels.

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

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

(7) The transfer and commercialization of innovative alternative energy technologies.

Section 4. Reports.

(a) Annual report.--The department shall annually make a report to the General Assembly on the activities undertaken pursuant to this act, including the number of grants awarded and other expenditures from the fund.

(b) Special report.--The Department of Revenue, in consultation with the Department of Environmental Protection and Department of Transportation, shall submit a report to the General Assembly within two years after the effective date of this act which analyzes the impact of vehicles operated with alternative fuels on revenue from State taxes on motor fuels at the time and projected five years into the future and make recommendations on mechanisms to replace any revenue losses.

Section 5. Appropriation.

An amount equal to 0.25 mills of the utilities' gross receipts tax collected during each fiscal year under Article XI of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, shall be appropriated annually from the General Fund to the Department of Environmental Protection on a continuing basis for the purpose of carrying out the provisions of this act.

Section 6. Regulations.

The department may promulgate regulations necessary to carry

1 out the purposes of this act.

2 Section 7. Repeal.

3 Chapter 72 of 75 Pa.C.S. is repealed.

4 Section 8. Effective date.

5 This act shall take effect immediately.