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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2870 Session of  
2022

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INTRODUCED BY GUZMAN, GLEIM, A. BROWN, ECKER, FRITZ, HOHENSTEIN,  
JONES AND PISCIOTTANO, OCTOBER 6, 2022

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REFERRED TO COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY,  
OCTOBER 6, 2022

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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  
23 promote the use of [alternative] low-emission transportation

1 fuels; imposing duties on the Department of Environmental  
2 Protection; providing for an annual report; allocating funds  
3 collected from the utilities gross receipts tax; making an  
4 appropriation; abrogating regulations; and making a repeal.

5 Section 1. Short title.

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

8 Section 2. Definitions.

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

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

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

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

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

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

30 "Alternative fuels." Motor vehicle fuels and fuel systems

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

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

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

18 "Biodiesel fuel." Either of the following:

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

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

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

28 "Biomass-based diesel." The term shall have the meaning set  
29 forth in section 211(o) (1) (D) of the Clean Air Act (69 Stat.  
30 322, 121 Stat. 1519, 42 U.S.C. § 7545(o) (1) (D)) and shall meet

1 the ASTM Specification D6751 Standard Specification for  
2 Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels or  
3 its successor standard.

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

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

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

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

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

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

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

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

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

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

12 (2) A rechargeable energy storage system.]

13 "Incremental cost." Either of the following:

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

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

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

30 "Low-emission transportation fuel vehicle." A self-propelled

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

4 "OEM." The original equipment manufacturer.

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

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

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

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

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

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

28 ["Stationary power facility." A fixed, in-place facility  
29 that generates electric power for distribution into the electric  
30 distribution system or for use onsite as primary power or backup

1 power for critical need or at adjacent locations not connected  
2 to the electricity grid for primary power.]

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

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

12 (b) Expenditures.--

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

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

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

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

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

30 [(D) The cost to perform research, training

1 development and demonstration of new applications or  
2 next-phase technology related to alternative fuel  
3 vehicles.]

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

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

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

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

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

29 (3) One year after the effective date of this act and  
30 for every year thereafter, the amount of funding by the



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

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

11 (4.1) No more than [0.5%] 1.0% of the fund may be used  
12 to educate and do outreach to [car] automotive dealers and  
13 consumers about this program.

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

26 [(6) Beginning fiscal year 2008-2009, through and  
27 including fiscal year 2010-2011, the department may expend up  
28 to \$100,000 annually from the fund for a nitrogen tire  
29 inflation grant program. The department may award matching  
30 grants of up to 50% of the costs of purchasing and installing

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

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

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

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

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

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

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

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

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

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

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

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

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

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

30 (e) Publication.--The formula, methods and criteria under

1 subsections (c) and (d) shall be transmitted to the Legislative  
2 Reference Bureau for annual publication in the Pennsylvania  
3 Bulletin and shall be posted annually on the department's  
4 publicly accessible Internet website.

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

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

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

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

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

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

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

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

13 Section 4. Annual report.

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

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

22 [Section 5. Interfund transfer.

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

26 (b) Use of transferred funds.--

27 (1) Funds transferred to the Energy Development Fund  
28 under this section shall be used to provide financial  
29 assistance for research directly related to alternative  
30 energy sources and for the development and installation of

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

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

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

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

3 Section 5. This act shall take effect immediately.