

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 306 Session of 2013

INTRODUCED BY PICKETT, AUMENT, BAKER, CAUSER, CUTLER, DENLINGER, EVANKOVICH, GINGRICH, GODSHALL, GRELL, GROVE, C. HARRIS, HICKERNELL, KAUFFMAN, F. KELLER, M. K. KELLER, KORTZ, MARSHALL, MATZIE, MILLER, MOUL, QUINN, ROCK, SAYLOR, SIMMONS, SWANGER, WATSON, PEIFER, MURT AND GIBBONS, FEBRUARY 5, 2013

AS REPORTED FROM COMMITTEE ON ENVIRONMENTAL RESOURCES AND ENERGY, HOUSE OF REPRESENTATIVES, AS AMENDED, APRIL 10, 2013

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, for <--
10 definitions, for the Alternative Fuels Incentive Fund and for <--
11 biomass based diesel production incentives PROVIDING FOR <--
12 KEYSTONE FUEL INCENTIVES; and making editorial changes.

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

15 Section 1. The title of the act of November 29, 2004 <--
16 (P.L.1376, No.178), known as the Alternative Fuels Incentive
17 Act, is amended to read:

AN ACT

19 Relating to [alternative fuels] compressed natural gas;
20 establishing the [Alternative Fuels] Keystone Fuel Incentive
21 Fund; authorizing grants [and rebates] to promote the use of

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

6 Section 2. ~~Section 1 of the act is amended to read:~~

7 ~~Section 1. Short title.~~

8 ~~This act shall be known and may be cited as the [Alternative~~
9 ~~Fuels] Keystone Fuel Incentive Act.~~

10 ~~Section 3. Sections 2, 3 and 3.1 of the act, amended or~~
11 ~~added July 10, 2008 (1st Sp.Sess., P.L.1891, No.2), are amended~~
12 ~~to read:~~

13 ~~Section 2. Definitions.~~

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

17 ~~["Accredited laboratory." A laboratory accredited by the~~
18 ~~American Society for Testing and Materials International.~~

19 ~~"Alcohols." Fuels composed of 85% ethanol or methanol and~~
20 ~~15% gasoline.~~

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

28 ~~"Alternative fuel producer." A producer of an alternative~~
29 ~~fuel whose production facility of alternative fuel is located~~
30 ~~within this Commonwealth.~~

1 ~~"Alternative fuel vehicle." A self propelled vehicle~~
2 ~~operating on an alternative fuel designed for transporting~~
3 ~~persons or property. This term includes a bi fuel vehicle, dual~~
4 ~~fuel vehicle, hybrid vehicle and dedicated vehicle.~~

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

15 ~~"American Society for Testing and Materials International."~~
16 ~~The nonprofit organization which develops consensus standards~~
17 ~~for materials, products, systems and services.]~~

18 ~~"Bi fuel vehicle." [or "dual fuel vehicle."] A vehicle that~~
19 ~~operates on [an alternative fuel] compressed natural gas and~~
20 ~~gasoline or [an alternative fuel] compressed natural gas and~~
21 ~~diesel fuel and has a minimum fueling capacity of five gasoline~~
22 ~~gallon equivalents of compressed natural gas. This term includes~~
23 ~~original equipment manufacturer (OEM) and retrofitted vehicles.~~

24 ~~{"Biodiesel fuel." Either of the following:~~

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

28 ~~(2) Fuel comprised of 20% biodiesel with 80% diesel fuel~~
29 ~~that is designated B20.~~

30 ~~"Biofuels." Fuels derived from alcohols, ether, esters and~~

1 ~~other chemicals made from cellulosic biomass such as herbaceous-~~
2 ~~and woody plants, agricultural and forestry residues and a large-~~
3 ~~portion of municipal solid and industrial waste.~~

4 ~~"Biomass based diesel." The term shall have the meaning set~~
5 ~~forth in section 211(o)(1)(D) of the Clean Air Act (69 Stat.~~
6 ~~322, 121 Stat. 1519, 42 U.S.C. § 7545(o)(1)(D)) and shall meet~~
7 ~~the ASTM Specification D6751 Standard Specification for~~
8 ~~Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels or~~
9 ~~its successor standard.]~~

10 ~~"Compressed natural gas vehicle." A self propelled,~~
11 ~~dedicated vehicle operating on compressed natural gas designed~~
12 ~~for transporting persons or property.~~

13 ~~"Dedicated vehicle." [A vehicle that runs exclusively on an~~
14 ~~alternative fuel. This term includes an original equipment~~
15 ~~manufacturer or retrofit vehicle.] A vehicle that is produced by~~
16 ~~an original equipment manufacturer or a small volume~~
17 ~~manufacturer that operates on 90% or more compressed natural gas~~
18 ~~fuel and 10% or less on gasoline or 90% or more on compressed~~
19 ~~natural gas fuel and 10% or less on diesel fuel.~~

20 ~~"Department." The Department of Environmental Protection of~~
21 ~~the Commonwealth.~~

22 ~~["Diesel fuel." Diesel engine fuel and all other liquids~~
23 ~~suitable for the generation of power for the propulsion of motor~~
24 ~~vehicles except gasoline.]~~

25 ~~"Fleet." A group of [ten] five or more vehicles, [comprised~~
26 ~~of passenger cars, light duty trucks, buses and heavy duty~~
27 ~~trucks up to 26,000 pounds gross vehicle weight] that is owned~~
28 ~~and operated by a single school district, municipal authority,~~
29 ~~political subdivision, nonprofit entity, corporation, limited~~
30 ~~liability company or partnership located within this~~

1 Commonwealth.

2 ~~"Fund." The [Alternative Fuels] Keystone Fuel Incentive Fund~~
3 ~~established under section 3.~~

4 ~~["Gallon." The quantity of fluid or liquid at a temperature~~
5 ~~of 60 degrees Fahrenheit necessary to completely fill a United~~
6 ~~States standard gallon liquid measure.~~

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

18 ~~"Hybrid vehicle." A motor vehicle that draws propulsion~~
19 ~~energy from onboard sources of stored energy that are both:~~

20 ~~(1) An internal combustion engine using combustible~~
21 ~~fuel.~~

22 ~~(2) A rechargeable energy storage system.~~

23 ~~"Incremental cost." Either of the following:~~

24 ~~(1) The difference between the purchase price of an~~
25 ~~alternative fuel vehicle and the purchase price of a same or~~
26 ~~similar model gasoline only or diesel only fueled vehicle.~~

27 ~~(2) The difference between the base price of~~
28 ~~conventional diesel fuel and biodiesel fuel.]~~

29 ~~"Incremental cost." The excess cost of any new compressed~~
30 ~~natural gas motor vehicle over the price for a gasoline or~~

~~1 diesel fuel motor vehicle of the same model or cost to retrofit
2 a vehicle to run on compressed natural gas.~~

~~3 "OEM." The original equipment manufacturer.~~

~~4 "OEM vehicle." A vehicle originally manufactured to run on
5 [an alternative fuel] compressed natural gas.~~

~~6 ["Qualified biomass based diesel producer." A producer of
7 25,000 gallons or more of biomass based diesel per month with
8 its principal production facility in this Commonwealth that has
9 complied with the requirements of section 3.1(a)(2) and that is
10 in compliance with all laws and current in all obligations to
11 the Commonwealth.~~

~~12 "Renewable energy." Energy derived from solar, wind,
13 geothermal and hydroelectric sources.]~~

~~14 "Retrofit." [Install an alternative fuel system into a
15 gasoline fueled vehicle] Installation of a compressed natural
16 gas system into a gasoline fueled or diesel fueled vehicle.~~

~~17 ["Stationary power facility." A fixed, in place facility
18 that generates electric power for distribution into the electric
19 distribution system or for use onsite as primary power or backup
20 power for critical need or at adjacent locations not connected
21 to the electricity grid for primary power.]~~

~~22 "Taxi." A motor vehicle designed for carrying no more than
23 eight passengers, exclusive of the driver, on a call and demand
24 service, and used for the transportation of persons for
25 compensation.~~

~~26 Section 3. [Alternative Fuels] Keystone Fuel Incentive Fund.~~

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

1 ~~portion of revenues allocated from the utilities gross receipts~~
2 ~~tax as set forth in section 5.~~

3 ~~(b) Expenditures.—~~

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

6 ~~[(i) As grants to school districts, municipal~~
7 ~~authorities, political subdivisions, nonprofit entities,~~
8 ~~corporations, limited liability companies or partnerships~~
9 ~~incorporated or registered in this Commonwealth to~~
10 ~~provide funding for:~~

11 ~~(A) The expenses relative to retrofitting~~
12 ~~vehicles to operate on alternative fuels as either a~~
13 ~~bi fuel, dual fuel, hybrid or dedicated vehicle.~~

14 ~~(B) The incremental cost of purchase of bi fuel,~~
15 ~~dual fuel, hybrid or dedicated vehicles.~~

16 ~~(C) The cost to purchase and install the~~
17 ~~necessary fleet refueling or home refueling equipment~~
18 ~~for bi fuel, dual fuel, hybrid or dedicated vehicles.~~

19 ~~(D) The cost to perform research, training~~
20 ~~development and demonstration of new applications or~~
21 ~~next phase technology related to alternative fuel~~
22 ~~vehicles.~~

23 ~~(ii) As grants to individual residents of this~~
24 ~~Commonwealth who purchase an alternative fuel vehicle for~~
25 ~~the cost to purchase and install the necessary home~~
26 ~~refueling equipment for bi fuel, dual fuel, hybrid or~~
27 ~~dedicated vehicles.~~

28 ~~(iii) As grants to school districts, municipal~~
29 ~~authorities, political subdivisions and nonprofit~~
30 ~~entities to cover the incremental cost to purchase~~

1 biofuel.

2 ~~(iv) As rebates to residents of this Commonwealth to~~
3 ~~meet the incremental cost to individuals who purchase a~~
4 ~~bi fuel, dual fuel, hybrid or dedicated vehicle.]~~

5 ~~(i) Ten percent of the money from the fund shall be~~
6 ~~expended as grants to taxi companies and operators for~~
7 ~~the incremental cost of purchasing dedicated compressed~~
8 ~~natural gas taxis. Incremental cost for this subparagraph~~
9 ~~shall be capped at \$10,000.~~

10 ~~(ii) Sixty five percent of the money from the fund~~
11 ~~shall be expended as grants to school districts,~~
12 ~~municipal authorities, political subdivisions, nonprofit~~
13 ~~entities, corporations, limited liability companies or~~
14 ~~partnerships incorporated or registered in this~~
15 ~~Commonwealth to provide funding for the incremental cost~~
16 ~~of purchasing dedicated compressed natural gas vehicles~~
17 ~~with a gross vehicle weight rating of 14,000 pounds or~~
18 ~~more. Grant applications from school districts, municipal~~
19 ~~authorities and political subdivisions shall be given~~
20 ~~priority.~~

21 ~~(iii) Twenty three percent of the money from the~~
22 ~~fund shall be expended as grants to individual residents~~
23 ~~of this Commonwealth for the purchase of bi fuel~~
24 ~~vehicles. The grant amount shall be limited to the~~
25 ~~incremental cost of the bi fuel vehicle and may not~~
26 ~~exceed \$10,000.~~

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

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

11 ~~(4) No more than 1.5% of the fund may be used to~~
12 ~~administer the provisions of this act.~~

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

16 ~~(5) No more than [10%] 15% of the fund may be awarded to~~
17 ~~any one school district, municipal authority, political~~
18 ~~subdivision, nonprofit entity, corporation, limited liability~~
19 ~~company, partnership or resident of this Commonwealth in any~~
20 ~~one year, provided that the total amount of grants awarded~~
21 ~~[and rebates provided to grant and rebate] to grant~~
22 ~~recipients within a [political subdivision] county in a year~~
23 ~~shall not exceed [15%] 30% of the fund. However, if the total~~
24 ~~grant [and rebate] money to be awarded in that year is less~~
25 ~~than the total grant money available for that year, the~~
26 ~~department may increase the [10%] 15% and [15%] 30% funding~~
27 ~~levels established under this paragraph not to exceed 40% of~~
28 ~~the fund at the department's discretion.~~

29 ~~{(6) Beginning fiscal year 2008 2009, through and~~
30 ~~including fiscal year 2010 2011, the department may expend up~~

1 to \$100,000 annually from the fund for a nitrogen tire
2 inflation grant program. The department may award matching
3 grants of up to 50% of the costs of purchasing and installing
4 a nitrogen tire inflation system to automotive service
5 providers who sell tires in this Commonwealth. Individual
6 grants may not exceed \$5,000 per nitrogen tire inflation
7 system. The department shall publish guidelines as necessary
8 to implement the provisions of this subsection and maintain a
9 registry of all grant recipients on the department's publicly
10 accessible World Wide Web site.]

11 ~~(c) Grant program. The department shall establish a formula~~
12 ~~and method for the awarding of grants under the program. The~~
13 ~~department also shall establish a method by which grant~~
14 ~~applications will be prioritized. For grants under subsection~~
15 ~~(b) (1) (ii), the department shall prioritize grant applications~~
16 ~~according to, but not limited to, the following goals and~~
17 ~~criteria:~~

18 ~~{(1) The improvement of this Commonwealth's air quality.~~

19 ~~(2) The fulfillment of the Commonwealth's~~
20 ~~responsibilities under the Clean Air Act (69 Stat. 322, 42-~~
21 ~~U.S.C. § 7401 et seq.).~~

22 ~~(3) The protection of this Commonwealth's natural~~
23 ~~environment, including land, water and wildlife.~~

24 ~~(4) The advancement of economic development in this~~
25 ~~Commonwealth and the promotion of this Commonwealth's~~
26 ~~indigenous resources.]~~

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

29 ~~{(6) The most cost effective use of private and public~~
30 ~~funding.~~

1 ~~(7) The transfer and commercialization of innovative~~
2 ~~alternative energy technologies.]~~

3 ~~(8) The total estimated gasoline gallon equivalent of~~
4 ~~compressed natural gas usage.~~

5 ~~(9) Amount of private capital invested as a percentage~~
6 ~~of the total compressed natural gas conversion project cost~~
7 ~~including refueling infrastructure.~~

8 ~~(10) Whether the project provides for public access to~~
9 ~~compressed natural gas refueling infrastructure.~~

10 ~~(c.1) Appeal process. Applicants that are not awarded~~
11 ~~grants under this act shall not have the right to a hearing or~~
12 ~~the issuance of an adjudication under section 4 of the act of~~
13 ~~July 13, 1988 (P.L.530, No.94), known as the Environmental~~
14 ~~Hearing Board Act, regarding the department's decision.~~

15 ~~{(d) Rebate program. There is hereby established a rebate~~
16 ~~program within the department for individuals residing in this~~
17 ~~Commonwealth who purchase a hybrid, plug in hybrid or other~~
18 ~~alternative fuel vehicle as follows:~~

19 ~~(1) The department shall establish a formula and method~~
20 ~~for the awarding of rebates under this program. The~~
21 ~~department shall publish this information yearly in the~~
22 ~~Pennsylvania Bulletin and may also publish this information~~
23 ~~on the department's World Wide Web site. Rebates shall be~~
24 ~~provided to the extent that funding is available for this~~
25 ~~purpose. To the extent that applications for rebates exceed~~
26 ~~the available funds for this program, the department may~~
27 ~~award rebates on a pro rata basis.~~

28 ~~(2) A request for a rebate must be submitted to the~~
29 ~~department no later than six months after the purchase date~~
30 ~~of the hybrid, plug in hybrid or other alternative fuel~~

1 ~~vehicle, in a form and manner prescribed by the department.~~
2 ~~The department shall provide an application form to an~~
3 ~~individual upon request, and the department may make the~~
4 ~~application form on its World Wide Web site or through the~~
5 ~~place of purchase of a hybrid, plug in hybrid or other~~
6 ~~alternative fuel vehicle.~~

7 ~~(3) Applicants shall provide a copy of a valid~~
8 ~~Pennsylvania vehicle registration and proof of purchase when~~
9 ~~making a request for a rebate under this program.~~

10 ~~Section 3.1. Biomass based diesel production incentives.~~

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

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

30 ~~(2) A producer of biomass based diesel in this~~

1 ~~Commonwealth shall file for the production incentive on a~~
2 ~~monthly basis on a form furnished by the department. The form~~
3 ~~shall require the producer to submit proof of production of~~
4 ~~the biomass based diesel and the number of gallons sold~~
5 ~~during the previous calendar month and such other information~~
6 ~~as the department deems appropriate. A biomass based diesel~~
7 ~~producer shall also submit a certificate of analysis from an~~
8 ~~accredited laboratory for every 500,000 gallons of biomass~~
9 ~~based diesel produced showing that the biodiesel meets the~~
10 ~~ASTM Specification D6751, Standard Specification for~~
11 ~~Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels~~
12 ~~or its successor standard.~~

13 ~~(b) Exception. A qualified biomass based diesel producer~~
14 ~~who receives an incentive under this section shall not be~~
15 ~~eligible to receive an incentive under section 3.]~~

16 SECTION 1. THE ACT OF NOVEMBER 29, 2004 (P.L.1376, NO.178), <--
17 KNOWN AS THE ALTERNATIVE FUELS INCENTIVE ACT, IS AMENDED BY
18 ADDING A CHAPTER HEADING TO READ:

19 CHAPTER 1
20 PRELIMINARY PROVISIONS

21 SECTION 2. SECTION 1 OF THE ACT IS RENUMBERED TO READ:
22 SECTION [1] 101. SHORT TITLE.

23 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE ALTERNATIVE
24 FUELS INCENTIVE ACT.

25 SECTION 3. THE ACT IS AMENDED BY ADDING A CHAPTER HEADING TO
26 READ:

27 CHAPTER 3
28 ALTERNATIVE FUELS INCENTIVES

29 SECTION 4. THE ACT IS AMENDED BY ADDING A SECTION TO READ:
30 SECTION 301. SCOPE.

1 THIS CHAPTER RELATES TO ALTERNATIVE FUELS INCENTIVES.

2 SECTION 5. SECTIONS 2, 3 AND 3.1 OF THE ACT, AMENDED OR
3 ADDED JULY 10, 2008, (1ST SP.SESS., P.L.1891, NO.2), ARE
4 RENUMBERED AND AMENDED TO READ:

5 SECTION [2] 302. DEFINITIONS.

6 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS [ACT]
7 CHAPTER SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION
8 UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

9 "ACCREDITED LABORATORY." A LABORATORY ACCREDITED BY THE
10 AMERICAN SOCIETY FOR TESTING AND MATERIALS INTERNATIONAL.

11 "ALCOHOLS." FUELS COMPOSED OF 85% ETHANOL OR METHANOL AND
12 15% GASOLINE.

13 "ALTERNATIVE ENERGY SOURCE." INCLUDES, BUT IS NOT LIMITED
14 TO, ANY OF THE FOLLOWING SOURCES OF ENERGY: WIND, SOLAR
15 PHOTOVOLTAIC, SOLAR THERMAL, COMBINED HEAT AND POWER, INTEGRATED
16 GASIFICATION COMBINED CYCLE, GEOTHERMAL, LOW-IMPACT
17 HYDROELECTRIC, BIOMASS, BIOLOGICALLY DERIVED METHANE GAS, COAL
18 BED METHANE GAS, FUEL CELLS, WASTE COAL AND DISTRIBUTED
19 GENERATED SYSTEMS.

20 "ALTERNATIVE FUEL PRODUCER." A PRODUCER OF AN ALTERNATIVE
21 FUEL WHOSE PRODUCTION FACILITY OF ALTERNATIVE FUEL IS LOCATED
22 WITHIN THIS COMMONWEALTH.

23 "ALTERNATIVE FUEL VEHICLE." A SELF-PROPELLED VEHICLE
24 OPERATING ON AN ALTERNATIVE FUEL DESIGNED FOR TRANSPORTING
25 PERSONS OR PROPERTY. THIS TERM INCLUDES A BI-FUEL VEHICLE, DUAL-
26 FUEL VEHICLE, HYBRID VEHICLE AND DEDICATED VEHICLE.

27 "ALTERNATIVE FUELS." MOTOR VEHICLE FUELS AND FUEL SYSTEMS
28 WHICH WHEN COMPARED TO CONVENTIONAL GASOLINE OR REFORMULATED
29 GASOLINE, DIESEL FUEL, OIL OR COAL WILL RESULT IN LOWER
30 EMISSIONS OF OXIDES OF NITROGEN, VOLATILE ORGANIC COMPOUNDS,

1 CARBON MONOXIDE OR PARTICULATES, TOXIC AIR POLLUTANTS,
2 GREENHOUSE GASES OR ANY COMBINATION THEREOF. THESE SHALL
3 INCLUDE, BUT ARE NOT LIMITED TO, COMPRESSED NATURAL GAS (CNG),
4 LIQUEFIED NATURAL GAS (LNG), LIQUID PROPANE GAS (LPG), ALCOHOLS
5 (ETHANOL - E85 AND METHANOL - M85), HYDROGEN, HYTHANE (ANY
6 COMBINATION OF CNG AND HYDROGEN), BIOFUELS AND ELECTRICITY.

7 "AMERICAN SOCIETY FOR TESTING AND MATERIALS INTERNATIONAL."
8 THE NONPROFIT ORGANIZATION WHICH DEVELOPS CONSENSUS STANDARDS
9 FOR MATERIALS, PRODUCTS, SYSTEMS AND SERVICES.

10 "BI-FUEL VEHICLE" OR "DUAL-FUEL VEHICLE." A VEHICLE THAT
11 OPERATES ON AN ALTERNATIVE FUEL AND GASOLINE OR AN ALTERNATIVE
12 FUEL AND DIESEL FUEL. THIS TERM INCLUDES ORIGINAL EQUIPMENT
13 MANUFACTURER (OEM) AND RETROFITTED VEHICLES.

14 "BIODIESEL FUEL." EITHER OF THE FOLLOWING:

15 (1) A BIOFUEL DERIVED FROM VEGETABLE OILS OR ANIMAL FATS
16 THAT IS DESIGNATED B100 AND MEETS THE AMERICAN SOCIETY OF
17 TESTING AND MATERIALS INTERNATIONAL SPECIFICATION D6751.

18 (2) FUEL COMPRISED OF 20% BIODIESEL WITH 80% DIESEL FUEL
19 THAT IS DESIGNATED B20.

20 "BIOFUELS." FUELS DERIVED FROM ALCOHOLS, ETHER, ESTERS
21 AND OTHER CHEMICALS MADE FROM CELLULOSIC BIOMASS SUCH AS
22 HERBACEOUS AND WOODY PLANTS, AGRICULTURAL AND FORESTRY
23 RESIDUES AND A LARGE PORTION OF MUNICIPAL SOLID AND
24 INDUSTRIAL WASTE.

25 "BIOMASS-BASED DIESEL." THE TERM SHALL HAVE THE MEANING
26 SET FORTH IN SECTION 211(O)(1)(D) OF THE CLEAN AIR ACT (69
27 STAT. 322, 121 STAT. 1519, 42 U.S.C. § 7545(O)(1)(D)) AND
28 SHALL MEET THE ASTM SPECIFICATION D6751 STANDARD
29 SPECIFICATION FOR BIODIESEL FUEL BLEND STOCK (B100) FOR
30 MIDDLE DISTILLATE FUELS OR ITS SUCCESSOR STANDARD.

1 "DEDICATED VEHICLE." A VEHICLE THAT RUNS EXCLUSIVELY ON
2 AN ALTERNATIVE FUEL. THIS TERM INCLUDES AN ORIGINAL EQUIPMENT
3 MANUFACTURER OR RETROFIT VEHICLE.

4 "DEPARTMENT." THE DEPARTMENT OF ENVIRONMENTAL PROTECTION
5 OF THE COMMONWEALTH.

6 "DIESEL FUEL." DIESEL ENGINE FUEL AND ALL OTHER LIQUIDS
7 SUITABLE FOR THE GENERATION OF POWER FOR THE PROPULSION OF
8 MOTOR VEHICLES EXCEPT GASOLINE.

9 "FLEET." A GROUP OF TEN OR MORE VEHICLES, COMPRISED OF
10 PASSENGER CARS, LIGHT-DUTY TRUCKS, BUSES AND HEAVY-DUTY
11 TRUCKS UP TO 26,000 POUNDS GROSS VEHICLE WEIGHT THAT IS OWNED
12 AND OPERATED BY A SINGLE SCHOOL DISTRICT, MUNICIPAL
13 AUTHORITY, POLITICAL SUBDIVISION, NONPROFIT ENTITY,
14 CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP LOCATED
15 WITHIN THIS COMMONWEALTH.

16 "FUND." THE ALTERNATIVE FUELS INCENTIVE FUND ESTABLISHED
17 UNDER SECTION [3] 303.

18 "GALLON." THE QUANTITY OF FLUID OR LIQUID AT A
19 TEMPERATURE OF 60 DEGREES FAHRENHEIT NECESSARY TO COMPLETELY
20 FILL A UNITED STATES STANDARD GALLON LIQUID MEASURE.

21 "GASOLINE." THE SAME AS A MOTOR FUEL AND ALSO MEANS
22 EVERY LIQUID PETROLEUM PRODUCT, OR COMBINATION THEREOF, OTHER
23 THAN SOLVENTS HAVING AN ATMOSPHERIC PRESSURE INDEX GRAVITY OF
24 46 DEGREES OR ABOVE AT A TEMPERATURE OF 60 DEGREES FAHRENHEIT
25 AND AT ATMOSPHERIC PRESSURE AND INCLUDES DRIP, CASING HEAD OR
26 NATURAL GASOLINE. THE TERM INCLUDES LIQUID OF LESS THAN 46
27 DEGREES ATMOSPHERIC PRESSURE INDEX GRAVITY AT A TEMPERATURE
28 OF 60 DEGREES FAHRENHEIT COMPOUNDED, BLENDED, MANUFACTURED OR
29 OTHERWISE PRODUCED BY MIXING OR BLENDING GASOLINE OR SOLVENTS
30 WITH BLENDING MATERIALS WHEN THE BLENDED PRODUCT CAN BE USED

1 FOR GENERATING POWER IN INTERNAL COMBUSTION ENGINES.

2 "HYBRID VEHICLE." A MOTOR VEHICLE THAT DRAWS PROPULSION
3 ENERGY FROM ONBOARD SOURCES OF STORED ENERGY THAT ARE BOTH:

4 (1) AN INTERNAL COMBUSTION ENGINE USING COMBUSTIBLE
5 FUEL.

6 (2) A RECHARGEABLE ENERGY STORAGE SYSTEM.

7 "INCREMENTAL COST." EITHER OF THE FOLLOWING:

8 (1) THE DIFFERENCE BETWEEN THE PURCHASE PRICE OF AN
9 ALTERNATIVE FUEL VEHICLE AND THE PURCHASE PRICE OF A SAME OR
10 SIMILAR MODEL GASOLINE-ONLY OR DIESEL-ONLY FUELED VEHICLE.

11 (2) THE DIFFERENCE BETWEEN THE BASE PRICE OF
12 CONVENTIONAL DIESEL FUEL AND BIODIESEL FUEL.

13 "OEM." THE ORIGINAL EQUIPMENT MANUFACTURER.

14 "OEM VEHICLE." A VEHICLE ORIGINALLY MANUFACTURED TO RUN
15 ON AN ALTERNATIVE FUEL.

16 "QUALIFIED BIOMASS-BASED DIESEL PRODUCER." A PRODUCER OF
17 25,000 GALLONS OR MORE OF BIOMASS-BASED DIESEL PER MONTH WITH
18 ITS PRINCIPAL PRODUCTION FACILITY IN THIS COMMONWEALTH THAT
19 HAS COMPLIED WITH THE REQUIREMENTS OF SECTION [3.1(A)(2)]
20 303.1(A)(2) AND THAT IS IN COMPLIANCE WITH ALL LAWS AND
21 CURRENT IN ALL OBLIGATIONS TO THE COMMONWEALTH.

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 "STATIONARY POWER FACILITY." A FIXED, IN-PLACE FACILITY
27 THAT GENERATES ELECTRIC POWER FOR DISTRIBUTION INTO THE
28 ELECTRIC DISTRIBUTION SYSTEM OR FOR USE ONSITE AS PRIMARY
29 POWER OR BACKUP POWER FOR CRITICAL NEED OR AT ADJACENT
30 LOCATIONS NOT CONNECTED TO THE ELECTRICITY GRID FOR PRIMARY

1 POWER.

2 SECTION [3] 303. ALTERNATIVE FUELS INCENTIVE FUND.

3 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A SEPARATE
4 ACCOUNT IN THE STATE TREASURY TO BE KNOWN AS THE ALTERNATIVE
5 FUELS INCENTIVE FUND. THIS FUND SHALL BE ADMINISTERED BY THE
6 DEPARTMENT. THE FUND SHALL CONSIST OF THAT PORTION OF REVENUES
7 ALLOCATED FROM THE UTILITIES GROSS RECEIPTS TAX AS SET FORTH IN
8 SECTION [5] 305.

9 (B) EXPENDITURES.--

10 (1) MONEYS FROM THE FUND SHALL BE EXPENDED BY THE
11 DEPARTMENT:

12 (I) AS GRANTS TO SCHOOL DISTRICTS, MUNICIPAL
13 AUTHORITIES, POLITICAL SUBDIVISIONS, NONPROFIT ENTITIES,
14 CORPORATIONS, LIMITED LIABILITY COMPANIES OR PARTNERSHIPS
15 INCORPORATED OR REGISTERED IN THIS COMMONWEALTH TO
16 PROVIDE FUNDING FOR:

17 (A) THE EXPENSES RELATIVE TO RETROFITTING
18 VEHICLES TO OPERATE ON ALTERNATIVE FUELS AS EITHER A
19 BI-FUEL, DUAL-FUEL, HYBRID OR DEDICATED VEHICLE.

20 (B) THE INCREMENTAL COST OF PURCHASE OF BI-FUEL,
21 DUAL-FUEL, HYBRID OR DEDICATED VEHICLES.

22 (C) THE COST TO PURCHASE AND INSTALL THE
23 NECESSARY FLEET REFUELING OR HOME-REFUELING EQUIPMENT
24 FOR BI-FUEL, DUAL-FUEL, HYBRID OR DEDICATED VEHICLES.

25 (D) THE COST TO PERFORM RESEARCH, TRAINING
26 DEVELOPMENT AND DEMONSTRATION OF NEW APPLICATIONS OR
27 NEXT-PHASE TECHNOLOGY RELATED TO ALTERNATIVE FUEL
28 VEHICLES.

29 (II) AS GRANTS TO INDIVIDUAL RESIDENTS OF THIS
30 COMMONWEALTH WHO PURCHASE AN ALTERNATIVE FUEL VEHICLE FOR

1 THE COST TO PURCHASE AND INSTALL THE NECESSARY HOME
2 REFUELING EQUIPMENT FOR BI-FUEL, DUAL-FUEL, HYBRID OR
3 DEDICATED VEHICLES.

4 (III) AS GRANTS TO SCHOOL DISTRICTS, MUNICIPAL
5 AUTHORITIES, POLITICAL SUBDIVISIONS AND NONPROFIT
6 ENTITIES TO COVER THE INCREMENTAL COST TO PURCHASE
7 BIOFUEL.

8 (IV) AS REBATES TO RESIDENTS OF THIS COMMONWEALTH TO
9 MEET THE INCREMENTAL COST TO INDIVIDUALS WHO PURCHASE A
10 BI-FUEL, DUAL-FUEL, HYBRID OR DEDICATED VEHICLE.

11 (2) MONEYS FROM THE FUND MAY BE EXPENDED BY THE
12 DEPARTMENT AS REIMBURSEMENT OF UP TO 10¢ PER GALLON IN A
13 CALENDAR YEAR FOR UP TO 12,500,000 GALLONS OF RENEWABLE FUELS
14 PRODUCED BY A QUALIFIED RENEWABLE FUELS PRODUCER.

15 (3) ONE YEAR AFTER THE EFFECTIVE DATE OF THIS [ACT]
16 CHAPTER AND FOR EVERY YEAR THEREAFTER, THE AMOUNT OF FUNDING
17 BY THE DEPARTMENT UNDER THIS SUBSECTION SHALL BE EVALUATED TO
18 DETERMINE WHETHER AN ADJUSTMENT IN FUNDING LEVEL IS
19 APPROPRIATE. THE EVALUATION CRITERIA SHALL BE BASED ON
20 ECONOMIC AND REGULATORY CONDITIONS THAT AFFECT THE
21 FEASIBILITY OF ALTERNATIVE FUELS AND THE FINANCIAL SOLVENCY
22 OF THE FUND. AT NO TIME SHALL THE GRANT OR REBATE FUNDING
23 AMOUNT BE BELOW THE AMOUNTS SPECIFIED IN THIS SECTION.

24 (4) NO MORE THAN 1.5% OF THE FUND MAY BE USED TO
25 ADMINISTER THE PROVISIONS OF THIS [ACT] CHAPTER.

26 (4.1) NO MORE THAN 0.5% OF THE FUND MAY BE USED TO
27 EDUCATE AND DO OUTREACH TO CAR DEALERS AND CONSUMERS ABOUT
28 THIS PROGRAM.

29 (5) NO MORE THAN 10% OF THE FUND MAY BE AWARDED TO ANY
30 ONE SCHOOL DISTRICT, MUNICIPAL AUTHORITY, POLITICAL

1 SUBDIVISION, NONPROFIT ENTITY, CORPORATION, LIMITED LIABILITY
2 COMPANY, PARTNERSHIP OR RESIDENT OF THIS COMMONWEALTH IN ANY
3 ONE YEAR, PROVIDED THAT THE TOTAL AMOUNT OF GRANTS AWARDED
4 AND REBATES PROVIDED TO GRANT AND REBATE RECIPIENTS WITHIN A
5 POLITICAL SUBDIVISION IN A YEAR SHALL NOT EXCEED 15% OF THE
6 FUND. HOWEVER, IF THE TOTAL GRANT AND REBATE MONEY TO BE
7 AWARDED IN THAT YEAR IS LESS THAN THE TOTAL GRANT MONEY
8 AVAILABLE FOR THAT YEAR, THE DEPARTMENT MAY INCREASE THE 10%
9 AND 15% FUNDING LEVELS ESTABLISHED UNDER THIS PARAGRAPH NOT
10 TO EXCEED 40% OF THE FUND.

11 (6) BEGINNING FISCAL YEAR 2008-2009, THROUGH AND
12 INCLUDING FISCAL YEAR 2010-2011, THE DEPARTMENT MAY EXPEND UP
13 TO \$100,000 ANNUALLY FROM THE FUND FOR A NITROGEN TIRE
14 INFLATION GRANT PROGRAM. THE DEPARTMENT MAY AWARD MATCHING
15 GRANTS OF UP TO 50% OF THE COSTS OF PURCHASING AND INSTALLING
16 A NITROGEN TIRE INFLATION SYSTEM TO AUTOMOTIVE SERVICE
17 PROVIDERS WHO SELL TIRES IN THIS COMMONWEALTH. INDIVIDUAL
18 GRANTS MAY NOT EXCEED \$5,000 PER NITROGEN TIRE INFLATION
19 SYSTEM. THE DEPARTMENT SHALL PUBLISH GUIDELINES AS NECESSARY
20 TO IMPLEMENT THE PROVISIONS OF THIS SUBSECTION AND MAINTAIN A
21 REGISTRY OF ALL GRANT RECIPIENTS ON THE DEPARTMENT'S PUBLICLY
22 ACCESSIBLE WORLD WIDE WEB SITE.

23 (C) GRANT PROGRAM.--THE DEPARTMENT SHALL ESTABLISH A FORMULA
24 AND METHOD FOR THE AWARDING OF GRANTS UNDER THE PROGRAM. THE
25 DEPARTMENT ALSO SHALL ESTABLISH A METHOD BY WHICH GRANT
26 APPLICATIONS WILL BE PRIORITIZED ACCORDING TO, BUT NOT LIMITED
27 TO, THE FOLLOWING GOALS AND CRITERIA:

28 (1) THE IMPROVEMENT OF THIS COMMONWEALTH'S AIR QUALITY.

29 (2) THE FULFILLMENT OF THE COMMONWEALTH'S
30 RESPONSIBILITIES UNDER THE CLEAN AIR ACT (69 STAT. 322, 42

1 U.S.C. § 7401 ET SEQ.).

2 (3) THE PROTECTION OF THIS COMMONWEALTH'S NATURAL
3 ENVIRONMENT, INCLUDING LAND, WATER AND WILDLIFE.

4 (4) THE ADVANCEMENT OF ECONOMIC DEVELOPMENT IN THIS
5 COMMONWEALTH AND THE PROMOTION OF THIS COMMONWEALTH'S
6 INDIGENOUS RESOURCES.

7 (5) THE REDUCTION OF THIS COMMONWEALTH'S DEPENDENCE ON
8 IMPORTED CRUDE OIL AND OTHER PETROLEUM PRODUCTS.

9 (6) THE MOST COST-EFFECTIVE USE OF PRIVATE AND PUBLIC
10 FUNDING.

11 (7) THE TRANSFER AND COMMERCIALIZATION OF INNOVATIVE
12 ALTERNATIVE ENERGY TECHNOLOGIES.

13 (D) REBATE PROGRAM.--THERE IS HEREBY ESTABLISHED A REBATE
14 PROGRAM WITHIN THE DEPARTMENT FOR INDIVIDUALS RESIDING IN THIS
15 COMMONWEALTH WHO PURCHASE A HYBRID, PLUG-IN HYBRID OR OTHER
16 ALTERNATIVE FUEL VEHICLE AS FOLLOWS:

17 (1) THE DEPARTMENT SHALL ESTABLISH A FORMULA AND METHOD
18 FOR THE AWARDING OF REBATES UNDER THIS PROGRAM. THE
19 DEPARTMENT SHALL PUBLISH THIS INFORMATION YEARLY IN THE
20 PENNSYLVANIA BULLETIN AND MAY ALSO PUBLISH THIS INFORMATION
21 ON THE DEPARTMENT'S WORLD WIDE WEB SITE. REBATES SHALL BE
22 PROVIDED TO THE EXTENT THAT FUNDING IS AVAILABLE FOR THIS
23 PURPOSE. TO THE EXTENT THAT APPLICATIONS FOR REBATES EXCEED
24 THE AVAILABLE FUNDS FOR THIS PROGRAM, THE DEPARTMENT MAY
25 AWARD REBATES ON A PRO RATA BASIS.

26 (2) A REQUEST FOR A REBATE MUST BE SUBMITTED TO THE
27 DEPARTMENT NO LATER THAN SIX MONTHS AFTER THE PURCHASE DATE
28 OF THE HYBRID, PLUG-IN HYBRID OR OTHER ALTERNATIVE FUEL
29 VEHICLE, IN A FORM AND MANNER PRESCRIBED BY THE DEPARTMENT.
30 THE DEPARTMENT SHALL PROVIDE AN APPLICATION FORM TO AN

1 INDIVIDUAL UPON REQUEST, AND THE DEPARTMENT MAY MAKE THE
2 APPLICATION FORM ON ITS WORLD WIDE WEB SITE OR THROUGH THE
3 PLACE OF PURCHASE OF A HYBRID, PLUG-IN HYBRID OR OTHER
4 ALTERNATIVE FUEL VEHICLE.

5 (3) APPLICANTS SHALL PROVIDE A COPY OF A VALID
6 PENNSYLVANIA VEHICLE REGISTRATION AND PROOF OF PURCHASE WHEN
7 MAKING A REQUEST FOR A REBATE UNDER THIS PROGRAM.

8 SECTION [3.1] 303.1. BIOMASS-BASED DIESEL PRODUCTION
9 INCENTIVES.

10 (A) INCENTIVES.--THE DEPARTMENT SHALL EXPEND UP TO
11 \$5,300,000 ANNUALLY FROM THE FUND UNLESS THE BALANCE OF THE FUND
12 IS LESS THAN \$5,300,000 ON THE FIRST DAY OF THE FISCAL YEAR, IN
13 WHICH CASE THE DEPARTMENT SHALL EXPEND UP TO ONE-THIRD OF THE
14 BALANCE OF THE FUND:

15 (1) AS A PRODUCTION INCENTIVE OF 75¢ PER GALLON FOR
16 BIOMASS-BASED DIESEL PRODUCED IN THIS COMMONWEALTH BEGINNING
17 JULY 1, 2008, AND SOLD IN THIS COMMONWEALTH FOR COMMERCIAL
18 TRANSPORTATION PURPOSES OR FOR RESIDENTIAL HEATING. IN THE
19 CASE OF BIOMASS-BASED DIESEL, THIS INCENTIVE SHALL BE
20 AVAILABLE THROUGH JUNE 30, 2011. IF THE TOTAL MONTHLY AMOUNT
21 OF PRODUCTION INCENTIVES APPLIED FOR BY ALL QUALIFIED
22 APPLICANTS EXCEEDS THE REMAINING AMOUNT AVAILABLE FOR THOSE
23 INCENTIVES, THEN THE INCENTIVE SHALL BE PRORATED AMONG ALL
24 QUALIFIED APPLICANTS. AN INDIVIDUAL QUALIFIED BIOMASS-BASED
25 DIESEL PRODUCER SHALL NOT RECEIVE MORE THAN \$1,900,000 IN
26 INCENTIVES IN ANY ONE FISCAL YEAR. FOR PURPOSES OF THIS
27 SECTION, ALL FACILITIES UNDER COMMON OWNERSHIP SHALL BE
28 COUNTED AS A SINGLE FACILITY.

29 (2) A PRODUCER OF BIOMASS-BASED DIESEL IN THIS
30 COMMONWEALTH SHALL FILE FOR THE PRODUCTION INCENTIVE ON A

1 MONTHLY BASIS ON A FORM FURNISHED BY THE DEPARTMENT. THE FORM
2 SHALL REQUIRE THE PRODUCER TO SUBMIT PROOF OF PRODUCTION OF
3 THE BIOMASS-BASED DIESEL AND THE NUMBER OF GALLONS SOLD
4 DURING THE PREVIOUS CALENDAR MONTH AND SUCH OTHER INFORMATION
5 AS THE DEPARTMENT DEEMS APPROPRIATE. A BIOMASS-BASED DIESEL
6 PRODUCER SHALL ALSO SUBMIT A CERTIFICATE OF ANALYSIS FROM AN
7 ACCREDITED LABORATORY FOR EVERY 500,000 GALLONS OF BIOMASS-
8 BASED DIESEL PRODUCED SHOWING THAT THE BIODIESEL MEETS THE
9 ASTM SPECIFICATION D6751, STANDARD SPECIFICATION FOR
10 BIODIESEL FUEL BLEND STOCK (B100) FOR MIDDLE DISTILLATE FUELS
11 OR ITS SUCCESSOR STANDARD.

12 (B) EXCEPTION.--A QUALIFIED BIOMASS-BASED DIESEL PRODUCER
13 WHO RECEIVES AN INCENTIVE UNDER THIS SECTION SHALL NOT BE
14 ELIGIBLE TO RECEIVE AN INCENTIVE UNDER SECTION [3] 303.

15 SECTION 6. SECTION 4 OF THE ACT IS RENUMBERED AND AMENDED TO
16 READ:

17 SECTION [4] 304. ANNUAL REPORT.

18 THE DEPARTMENT SHALL ANNUALLY MAKE A REPORT TO THE
19 ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE SENATE AND
20 THE ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE HOUSE OF
21 REPRESENTATIVES ON THE ACTIVITIES UNDERTAKEN PURSUANT TO THIS
22 [ACT] CHAPTER, INCLUDING THE NUMBER OF GRANTS AWARDED, REBATES
23 GIVEN AND OTHER EXPENDITURES FROM THE FUND.

24 SECTION 7. SECTION 5 OF THE ACT IS RENUMBERED TO READ:

25 SECTION [5] 305. INTERFUND TRANSFER.

26 (A) GENERAL RULE.--THE DEPARTMENT MAY TRANSFER MONEY FROM
27 THE ALTERNATIVE FUELS INCENTIVE FUND TO THE ENERGY DEVELOPMENT
28 FUND ONE TIME DURING THE FISCAL YEAR BEGINNING JULY 1, 2004.

29 (B) USE OF TRANSFERRED FUNDS.--

30 (1) FUNDS TRANSFERRED TO THE ENERGY DEVELOPMENT FUND

1 UNDER THIS SECTION SHALL BE USED TO PROVIDE FINANCIAL
2 ASSISTANCE FOR RESEARCH DIRECTLY RELATED TO ALTERNATIVE
3 ENERGY SOURCES AND FOR THE DEVELOPMENT AND INSTALLATION OF
4 STATIONARY POWER FACILITIES WITHIN THIS COMMONWEALTH THAT
5 UTILIZE ALTERNATIVE ENERGY SOURCES TO PRODUCE ELECTRIC POWER.
6 THE FINANCIAL ASSISTANCE OFFERED UNDER THIS SECTION SHALL BE
7 LIMITED TO GRANTS AND LOW-INTEREST LOANS, AT OR BELOW
8 PREVAILING INTEREST RATES AND LOAN GUARANTEES.

9 (2) THESE FUNDS SHALL ALSO BE USED TO SUPPORT THE
10 ESTABLISHMENT OF PUBLIC OR PRIVATE PARTNERSHIPS AMONG
11 POSTSECONDARY INSTITUTIONS AND PRIVATE SECTOR ORGANIZATIONS.
12 THE PUBLIC OR PRIVATE SECTOR PARTNERSHIPS SHOULD BE DESIGNED
13 TO SUPPORT A BROAD PROGRAM OF RESEARCH AND DEVELOPMENT OF
14 ALTERNATIVE ENERGY POWER SOURCES. RESEARCH FUNDS SHALL BE
15 DIRECTED TOWARD THOSE PROJECTS THAT CAN CLEARLY DEMONSTRATE
16 THAT THE TECHNOLOGY BEING STUDIED CAN BE PRACTICALLY APPLIED.

17 (C) DEVELOPMENT OF GUIDELINES.--PRIOR TO ANY USAGE OF THE
18 FUNDS TRANSFERRED TO THE ENERGY DEVELOPMENT FUND, THE DEPARTMENT
19 SHALL DEVELOP GUIDELINES FOR THE APPLICATION AND USE OF THESE
20 FUNDS, INCLUDING ALL APPLICABLE ELIGIBILITY CRITERIA WHICH SHALL
21 ALSO DESCRIBE THE MANNER OF APPLICATION FOR FINANCIAL ASSISTANCE
22 AND AN APPLICATION FOR ASSISTANCE UNDER THIS SECTION. THE
23 DEPARTMENT SHALL PROVIDE THESE GUIDELINES TO THE MAJORITY AND
24 MINORITY CHAIRMAN OF THE ENVIRONMENTAL RESOURCES AND ENERGY
25 COMMITTEE OF THE SENATE AND THE MAJORITY AND MINORITY CHAIRMAN
26 OF THE ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE HOUSE
27 OF REPRESENTATIVES 60 DAYS PRIOR TO ISSUING THE GUIDELINES TO
28 THE GENERAL PUBLIC. NO FINANCIAL ASSISTANCE SHALL BE PROVIDED TO
29 ANY APPLICANT BY THE DEPARTMENT UNTIL GUIDELINES ARE ISSUED TO
30 THE GENERAL PUBLIC. THE DEPARTMENT SHALL PROVIDE A REASONABLE

1 OPPORTUNITY FOR THE GENERAL PUBLIC TO APPLY FOR FUNDS UNDER THIS
2 SECTION BEFORE MAKING ANY FINANCIAL ASSISTANCE ANNOUNCEMENTS OR
3 AWARDS.

4 (D) LAPSE.--ANY UNEXPENDED FUNDS FROM THE TRANSFER SHALL
5 LAPSE TO THE GENERAL FUND ON JUNE 30, 2006.

6 SECTION 8. SECTIONS 6, 7 AND 8 OF THE ACT ARE RENUMBERED AND
7 AMENDED TO READ:

8 SECTION [6] 306. APPROPRIATION.

9 AN AMOUNT EQUAL TO 0.25 MILLS OF THE UTILITIES' GROSS
10 RECEIPTS TAX COLLECTED DURING EACH FISCAL YEAR UNDER ARTICLE XI
11 OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX
12 REFORM CODE OF 1971, SHALL BE APPROPRIATED ANNUALLY FROM THE
13 GENERAL FUND TO THE DEPARTMENT OF ENVIRONMENTAL PROTECTION ON A
14 CONTINUING BASIS FOR THE PURPOSE OF CARRYING OUT THE PROVISIONS
15 OF THIS [ACT] CHAPTER.

16 SECTION [7] 307. REGULATIONS.

17 THE DEPARTMENT SHALL PROMULGATE REGULATIONS NECESSARY TO
18 CARRY OUT THE PURPOSES OF THIS [ACT] CHAPTER.

19 SECTION [8] 308. REPEAL.

20 CHAPTER 72 OF 75 PA.C.S. IS REPEALED. REGULATIONS PROMULGATED
21 UNDER 75 PA.C.S. CH. 72 ARE HEREBY ABROGATED TO THE EXTENT THAT
22 THEY ARE INCONSISTENT WITH THE PROVISIONS OF THIS [ACT] CHAPTER.

23 SECTION 9. THE ACT IS AMENDED BY ADDING A CHAPTER TO READ:

24 CHAPTER 9

25 KEYSTONE FUEL INCENTIVE

26 SECTION 901. SCOPE OF CHAPTER.

27 THIS CHAPTER RELATES TO KEYSTONE FUEL INCENTIVES.

28 SECTION 902. DEFINITIONS.

29 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS CHAPTER
30 SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE

1 CONTEXT CLEARLY INDICATES OTHERWISE:

2 "BI-FUEL VEHICLE." A VEHICLE THAT OPERATES ON COMPRESSED
3 NATURAL GAS AND GASOLINE OR COMPRESSED NATURAL GAS AND DIESEL
4 FUEL AND HAS A MINIMUM FUELING CAPACITY OF FIVE GASOLINE GALLON
5 EQUIVALENTS OF COMPRESSED NATURAL GAS. THIS TERM INCLUDES
6 ORIGINAL EQUIPMENT MANUFACTURER (OEM) AND RETROFITTED VEHICLES.

7 "COMPRESSED NATURAL GAS VEHICLE." A SELF-PROPELLED,
8 DEDICATED VEHICLE OPERATING ON COMPRESSED NATURAL GAS DESIGNED
9 FOR TRANSPORTING PERSONS OR PROPERTY.

10 "DEDICATED VEHICLE." A VEHICLE THAT IS PRODUCED BY AN
11 ORIGINAL EQUIPMENT MANUFACTURER OR A SMALL VOLUME MANUFACTURER
12 THAT OPERATES ON 90% OR MORE COMPRESSED NATURAL GAS FUEL AND 10%
13 OR LESS ON GASOLINE OR 90% OR MORE ON COMPRESSED NATURAL GAS
14 FUEL AND 10% OR LESS ON DIESEL FUEL.

15 "DEPARTMENT." THE DEPARTMENT OF ENVIRONMENTAL PROTECTION OF
16 THE COMMONWEALTH.

17 "FLEET." A GROUP OF FIVE OR MORE VEHICLES THAT IS OWNED AND
18 OPERATED BY A SINGLE SCHOOL DISTRICT, MUNICIPAL AUTHORITY,
19 POLITICAL SUBDIVISION, NONPROFIT ENTITY, CORPORATION, LIMITED
20 LIABILITY COMPANY OR PARTNERSHIP LOCATED WITHIN THIS
21 COMMONWEALTH.

22 "FUND." THE KEYSTONE FUEL INCENTIVE FUND.

23 "INCREMENTAL COST." THE EXCESS COST OF ANY NEW COMPRESSED
24 NATURAL GAS MOTOR VEHICLE OVER THE PRICE FOR A GASOLINE OR
25 DIESEL FUEL MOTOR VEHICLE OF THE SAME MODEL OR COST TO RETROFIT
26 A VEHICLE TO RUN ON COMPRESSED NATURAL GAS.

27 "OEM." THE ORIGINAL EQUIPMENT MANUFACTURER.

28 "OEM VEHICLE." A VEHICLE ORIGINALLY MANUFACTURED TO RUN ON
29 COMPRESSED NATURAL GAS.

30 "RETROFIT." INSTALLATION OF A COMPRESSED NATURAL GAS SYSTEM

1 INTO A GASOLINE-FUELED OR DIESEL-FUELED VEHICLE.

2 "TAXI." A MOTOR VEHICLE DESIGNED FOR CARRYING NO MORE THAN
3 EIGHT PASSENGERS, EXCLUSIVE OF THE DRIVER, ON A CALL AND DEMAND
4 SERVICE, AND USED FOR THE TRANSPORTATION OF PERSONS FOR
5 COMPENSATION.

6 SECTION 903. KEYSTONE FUEL INCENTIVE FUND.

7 (A) ESTABLISHMENT.--THERE IS HEREBY ESTABLISHED A SEPARATE
8 ACCOUNT IN THE STATE TREASURY TO BE KNOWN AS THE KEYSTONE FUEL
9 INCENTIVE FUND. THIS FUND SHALL BE ADMINISTERED BY THE
10 DEPARTMENT. THE FUND SHALL CONSIST OF THE AMOUNT TRANSFERRED
11 UNDER SECTION 906.

12 (B) EXPENDITURES.--

13 (1) MONEY FROM THE FUND SHALL BE EXPENDED BY THE
14 DEPARTMENT AS FOLLOWS:

15 (I) TEN PERCENT OF THE MONEY FROM THE FUND SHALL BE
16 EXPENDED AS GRANTS TO TAXI COMPANIES AND OPERATORS FOR
17 THE INCREMENTAL COST OF PURCHASING DEDICATED COMPRESSED
18 NATURAL GAS TAXIS. INCREMENTAL COST FOR THIS SUBPARAGRAPH
19 SHALL BE CAPPED AT \$10,000.

20 (II) SIXTY-FIVE PERCENT OF THE MONEY FROM THE FUND
21 SHALL BE EXPENDED AS GRANTS TO SCHOOL DISTRICTS,
22 MUNICIPAL AUTHORITIES, POLITICAL SUBDIVISIONS, NONPROFIT
23 ENTITIES, CORPORATIONS, LIMITED LIABILITY COMPANIES OR
24 PARTNERSHIPS INCORPORATED OR REGISTERED IN THIS
25 COMMONWEALTH TO PROVIDE FUNDING FOR THE INCREMENTAL COST
26 OF PURCHASING DEDICATED COMPRESSED NATURAL GAS VEHICLES
27 WITH A GROSS VEHICLE WEIGHT RATING OF 14,000 POUNDS OR
28 MORE. GRANT APPLICATIONS FROM SCHOOL DISTRICTS, MUNICIPAL
29 AUTHORITIES AND POLITICAL SUBDIVISIONS SHALL BE GIVEN
30 PRIORITY.

1 (III) TWENTY-THREE PERCENT OF THE MONEY FROM THE
2 FUND SHALL BE EXPENDED AS GRANTS TO INDIVIDUAL RESIDENTS
3 OF THIS COMMONWEALTH FOR THE PURCHASE OF BI-FUEL
4 VEHICLES. THE GRANT AMOUNT SHALL BE LIMITED TO THE
5 INCREMENTAL COST OF THE BI-FUEL VEHICLE AND MAY NOT
6 EXCEED \$10,000.

7 (2) (RESERVED.)

8 (3) ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION
9 AND FOR EVERY YEAR THEREAFTER, THE AMOUNT OF FUNDING BY THE
10 DEPARTMENT UNDER THIS SUBSECTION SHALL BE EVALUATED TO
11 DETERMINE WHETHER AN ADJUSTMENT IN FUNDING LEVEL IS
12 APPROPRIATE. THE EVALUATION CRITERIA SHALL BE BASED ON
13 ECONOMIC AND REGULATORY CONDITIONS THAT AFFECT THE
14 FEASIBILITY OF COMPRESSED NATURAL GAS AND THE FINANCIAL
15 SOLVENCY OF THE FUND. AT NO TIME SHALL THE GRANT FUNDING
16 AMOUNT BE BELOW THE AMOUNTS SPECIFIED IN THIS SECTION.

17 (4) NO MORE THAN 1.5% OF THE FUND MAY BE USED TO
18 ADMINISTER THE PROVISIONS OF THIS CHAPTER.

19 (4.1) NO MORE THAN 0.5% OF THE FUND MAY BE USED TO
20 EDUCATE AND DO OUTREACH TO CAR DEALERS AND CONSUMERS ABOUT
21 THIS PROGRAM.

22 (5) NO MORE THAN 15% OF THE FUND MAY BE AWARDED TO ANY
23 ONE SCHOOL DISTRICT, MUNICIPAL AUTHORITY, POLITICAL
24 SUBDIVISION, NONPROFIT ENTITY, CORPORATION, LIMITED LIABILITY
25 COMPANY, PARTNERSHIP OR RESIDENT OF THIS COMMONWEALTH IN ANY
26 ONE YEAR, PROVIDED THAT THE TOTAL AMOUNT OF GRANTS AWARDED
27 TO GRANT RECIPIENTS WITHIN A COUNTY IN A YEAR SHALL NOT
28 EXCEED 30% OF THE FUND. HOWEVER, IF THE TOTAL GRANT MONEY TO
29 BE AWARDED IN THAT YEAR IS LESS THAN THE TOTAL GRANT MONEY
30 AVAILABLE FOR THAT YEAR, THE DEPARTMENT MAY INCREASE THE 15%

1 AND 30% FUNDING LEVELS ESTABLISHED UNDER THIS PARAGRAPH NOT
2 TO EXCEED 40% OF THE FUND AT THE DEPARTMENT'S DISCRETION.

3 (C) GRANT PROGRAM.--THE DEPARTMENT SHALL ESTABLISH A FORMULA
4 AND METHOD FOR THE AWARDING OF GRANTS UNDER THE PROGRAM. THE
5 DEPARTMENT ALSO SHALL ESTABLISH A METHOD BY WHICH GRANT
6 APPLICATIONS WILL BE PRIORITIZED. FOR GRANTS UNDER SUBSECTION
7 (B) (1) (II), THE DEPARTMENT SHALL PRIORITIZE GRANT APPLICATIONS
8 ACCORDING TO, BUT NOT LIMITED TO, THE FOLLOWING GOALS AND
9 CRITERIA:

10 (1) THE REDUCTION OF THIS COMMONWEALTH'S DEPENDENCE ON
11 IMPORTED CRUDE OIL AND OTHER PETROLEUM PRODUCTS.

12 (2) THE TOTAL ESTIMATED GASOLINE GALLON EQUIVALENT OF
13 COMPRESSED NATURAL GAS USAGE.

14 (3) AMOUNT OF PRIVATE CAPITAL INVESTED AS A PERCENTAGE
15 OF THE TOTAL COMPRESSED NATURAL GAS CONVERSION PROJECT COST
16 INCLUDING REFUELING INFRASTRUCTURE.

17 (4) WHETHER THE PROJECT PROVIDES FOR PUBLIC ACCESS TO
18 COMPRESSED NATURAL GAS REFUELING INFRASTRUCTURE.

19 (D) APPEAL PROCESS.--APPLICANTS THAT ARE NOT AWARDED GRANTS
20 UNDER THIS CHAPTER SHALL NOT HAVE THE RIGHT TO A HEARING OR THE
21 ISSUANCE OF AN ADJUDICATION UNDER SECTION 4 OF THE ACT OF JULY
22 13, 1988 (P.L.530, NO.94), KNOWN AS THE ENVIRONMENTAL HEARING
23 BOARD ACT, REGARDING THE DEPARTMENT'S DECISION.

24 SECTION 904. ANNUAL REPORT.

25 THE DEPARTMENT SHALL ANNUALLY MAKE A REPORT TO THE
26 ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE SENATE AND
27 THE ENVIRONMENTAL RESOURCES AND ENERGY COMMITTEE OF THE HOUSE OF
28 REPRESENTATIVES ON THE ACTIVITIES UNDERTAKEN PURSUANT TO THIS
29 CHAPTER, INCLUDING THE NUMBER OF GRANTS AWARDED, REBATES GIVEN
30 AND OTHER EXPENDITURES FROM THE FUND.

1 SECTION 905. (RESERVED).

2 SECTION 906. TRANSFER.

3 THE AMOUNT OF \$6,000,000 SHALL BE TRANSFERRED ANNUALLY FROM
4 THE GENERAL FUND TO THE DEPARTMENT FOR THE PURPOSE OF CARRYING
5 OUT THE PROVISIONS OF THIS CHAPTER.

6 SECTION 907. REGULATIONS.

7 THE DEPARTMENT SHALL PROMULGATE REGULATIONS NECESSARY TO
8 CARRY OUT THE PURPOSES OF THIS CHAPTER.

9 SECTION 10. THE ACT IS AMENDED BY ADDING A CHAPTER HEADING
10 TO READ:

11 CHAPTER 30

12 MISCELLANEOUS PROVISIONS

13 SECTION 11. SECTION 9 OF THE ACT IS RENUMBERED TO READ:

14 SECTION [9] 3001. EFFECTIVE DATE.

15 THIS ACT SHALL TAKE EFFECT IMMEDIATELY.

16 Section ~~4~~ 12. This act shall take effect in 60 days.

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