

1 State of Arkansas  
2 89th General Assembly  
3 Regular Session, 2013  
4

*As Engrossed: S1/31/13*

# A Bill

SENATE BILL 125

5 By: Senators B. Pierce, Burnett, Bledsoe, Bookout, Caldwell, E. Cheatham, A. Clark, J. Hendren, Hester,  
6 Holland, Maloch, Rapert, G. Stubblefield, R. Thompson, J. Woods  
7

## For An Act To Be Entitled

9 AN ACT TO PROVIDE INCENTIVES FOR CONVERTING DIESEL-  
10 POWERED MOTOR VEHICLES AND GASOLINE-POWERED MOTOR  
11 VEHICLES TO MOTOR VEHICLES POWERED BY COMPRESSED  
12 NATURAL GAS OR PROPANE GAS; TO DECLARE AN EMERGENCY;  
13 AND FOR OTHER PURPOSES.  
14  
15

## Subtitle

16 TO PROVIDE INCENTIVES FOR CONVERTING  
17 DIESEL-POWERED MOTOR VEHICLES AND  
18 GASOLINE-POWERED MOTOR VEHICLES TO MOTOR  
19 VEHICLES POWERED BY COMPRESSED NATURAL  
20 GAS OR PROPANE GAS; AND TO DECLARE AN  
21 EMERGENCY.  
22  
23  
24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
26

27 SECTION 1. Arkansas Code § 15-13-102(5), concerning the definitions to  
28 be used under the Arkansas Alternative Fuels Development Act, is amended to  
29 read as follows:

30 (5) "Bi-fuel compressed natural gas ~~school-bus~~ motor vehicle"  
31 means a ~~school-bus~~ motor vehicle that is powered by ~~compressed~~:

32 (A) Compressed natural gas; and ~~gasoline~~

33 (B) Gasoline or diesel;  
34

35 SECTION 2. Arkansas Code § 15-13-102(8) and (9), concerning the  
36 definitions to be used under the Arkansas Alternative Fuels Development Act,



1 are amended to read as follows:

2 (8) "Conversion kit" means a set of supplies, materials, parts,  
3 tools, or equipment used to convert a diesel-powered or gasoline-powered  
4 ~~school bus motor vehicle~~ to a dedicated compressed natural gas motor vehicle,  
5 ~~or bi-fuel compressed natural gas school bus motor vehicle,~~ dedicated propane  
6 gas vehicle, or bi-fuel propane gas motor vehicle;

7 (9) "Dedicated compressed natural gas ~~school bus motor vehicle~~"  
8 means a ~~school bus motor vehicle~~ that is powered only by compressed natural  
9 gas;

10

11 SECTION 3. Arkansas Code § 15-13-102, concerning the definitions to be  
12 used under the Arkansas Alternative Fuels Development Act, is amended to add  
13 four additional subdivisions to read as follows:

14 (15) "Bi-fuel propane gas motor vehicle" means a motor vehicle  
15 that is powered by:

16 (A) Propane gas; and

17 (B) Gasoline or diesel;

18 (16) "Dedicated propane gas motor vehicle" means a motor vehicle  
19 that is powered only by propane gas; and

20 (17) "Differential costs" means the difference in costs between:

21 (A) A dedicated compressed natural gas motor vehicle or a  
22 dedicated propane gas motor vehicle;

23 (B) A comparably equipped motor vehicle powered by  
24 gasoline or diesel; and

25 (18) "Incremental costs" means the difference in the costs  
26 between:

27 (A) Converting a motor vehicle to a dedicated compressed  
28 natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle,  
29 dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle,  
30 including the original cost of the vehicle; and

31 (B) A comparably equipped dedicated compressed natural gas  
32 motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated  
33 propane gas motor vehicle, or bi-fuel propane gas motor vehicle.

34

35 SECTION 4. Arkansas Code § 15-13-301 is amended to read as follows:

36 15-13-301. Arkansas Alternative Fuels Development Program.

1 (a) The Arkansas Alternative Fuels Development Program is established  
 2 and shall be developed and administered by the Arkansas Agriculture  
 3 Department.

4 (b) The program shall include four (4) types of incentives:

5 (1) Capital and operation production incentives for alternative  
 6 fuels producers;

7 (2) Production incentives for feedstock processors;

8 (3) Distribution incentives for alternative fuels distributors;

9 and

10 (4) Rebate incentives for the ~~costs~~:

11 (A) Differential costs; and

12 (B) Costs of converting a diesel-powered ~~and~~ or gasoline-  
 13 powered ~~school buses~~ motor vehicle into ~~dedicated or bi-fuel~~ a:

14 (i) Dedicated compressed natural gas ~~school buses~~  
 15 motor vehicle;

16 (ii) Bi-fuel compressed natural gas motor vehicle;

17 (iii) Dedicated propane gas motor vehicle; or

18 (iv) Bi-fuel propane gas motor vehicle.

19 (c) The incentives under this subchapter are available only for the  
 20 following after July 1, ~~2011~~ 2013:

21 (1) Capital investments in alternative fuels production  
 22 facilities, feedstock processing facilities, or distribution facilities;

23 (2) The production of alternative fuels;

24 (3) The processing of feedstock; or

25 (4) The conversion of a diesel-powered ~~and~~ or gasoline-powered  
 26 ~~school buses to dedicated or bi-fuel~~ motor vehicle into a:

27 (A) Dedicated compressed natural gas ~~school buses~~ motor  
 28 vehicle;

29 (B) Bi-fuel compressed natural gas motor vehicle;

30 (C) Dedicated propane gas motor vehicle; or

31 (D) Bi-fuel propane gas motor vehicle.

32  
 33 SECTION 5. Arkansas Code § 15-13-306 is amended to read as follows:

34 15-13-306. Rebate incentives for modification of ~~school buses~~ motor  
 35 vehicles.

36 (a) The Arkansas Alternative Fuels Development Program shall include

1 an incentive program that provides a rebate to ~~Arkansas school districts to a~~  
2 public entity, a company, an organization, or an affiliate of a public  
3 entity, a company, or an organization:

4 (1) To assist in the purchase of a conversion kit used to  
5 convert a diesel-powered ~~school bus~~ motor vehicle or gasoline-powered ~~school~~  
6 ~~bus~~ motor vehicle to a dedicated ~~or~~ compressed natural gas motor vehicle, bi-  
7 fuel compressed natural gas ~~school bus~~ motor vehicle, dedicated propane gas  
8 motor vehicle, or bi-fuel propane gas motor vehicle; and for

9 (2) For the differential costs and incremental costs associated  
10 with the conversion of a diesel-powered ~~school bus~~ motor vehicle or gasoline-  
11 powered ~~school bus~~ motor vehicle into a dedicated ~~or~~ compressed natural gas  
12 motor vehicle, bi-fuel compressed natural gas ~~school bus~~ motor vehicle,  
13 dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle.

14 (b) Additional funding for the incentive program provided by this  
15 section shall be from gifts, grants, private donations, and other funds made  
16 available by the General Assembly.

17 (c) The Arkansas Agriculture Department shall create a rebate  
18 application process for ~~an Arkansas school district~~ a public entity, a  
19 company, an organization, or an affiliate of a public entity, a company, or  
20 an organization to obtain a rebate that shall include:

21 (1) An application for a rebate under this subchapter that shall  
22 include ~~at a minimum:~~

23 (A) An affidavit or proof that the ~~school bus~~ motor  
24 vehicle is registered in Arkansas or will be registered in Arkansas upon  
25 acquisition of the ~~school bus~~ motor vehicle; and

26 (B) ~~The incremental costs associated with the conversion~~  
27 ~~of a diesel-powered school bus or gasoline-powered school bus into a~~  
28 ~~dedicated or bi-fuel compressed natural gas school bus; Evidence of the~~  
29 following:

30 (i) The purchase of a dedicated compressed natural  
31 gas motor vehicle or a dedicated propane gas motor vehicle and the  
32 differential costs; or

33 (ii) The differential costs, incremental costs, or  
34 the costs associated with the conversion of a diesel-powered motor vehicle or  
35 gasoline-powered motor vehicle into a dedicated compressed natural gas motor  
36 vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas

1 motor vehicle, or bi-fuel propane gas motor vehicle;

2 (2) Instructions about the rebate process;

3 (3) Scoring procedures to determine the award of the rebates;

4 and

5 (4) Other factors that the Secretary of the Arkansas Agriculture  
6 Department deems necessary.

7 (d)(1) The department shall prepare an annual progress report on  
8 rebates made under this section.

9 (2) The report shall include:

10 (A) The amount of each rebate;

11 (B) The purpose of the rebate;

12 (C) The total amount expended by the rebate recipient in  
13 converting the ~~school-bus~~ diesel-powered motor vehicle or gasoline-powered  
14 motor vehicle to a dedicated ~~or~~ compressed natural gas motor vehicle, bi-fuel  
15 compressed natural gas ~~school-bus~~ motor vehicle, dedicated propane gas motor  
16 vehicle, or bi-fuel propane gas motor vehicle; and

17 (D) The results produced or the progress made in the  
18 overall conversion of diesel-powered ~~school-buses~~ motor vehicles and  
19 gasoline-powered ~~school-buses~~ motor vehicles to dedicated ~~or~~ compressed  
20 natural gas motor vehicles, bi-fuel compressed natural gas ~~school-bus~~ motor  
21 vehicles, dedicated propane gas motor vehicles, or bi-fuel propane gas motor  
22 vehicles.

23 (3) The report for each state fiscal year shall be filed by June  
24 30 of the following fiscal year with the office of the Governor and the  
25 Legislative Council.

26 (e) An independent third-party evaluator selected by the department  
27 shall:

28 (1) Study the use of a diesel-powered motor vehicle ~~and~~ or gas-  
29 powered ~~school-bus~~ motor vehicle as compared to a dedicated ~~or~~ compressed  
30 natural gas motor vehicle, bi-fuel compressed natural gas ~~school-bus~~ motor  
31 vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor  
32 vehicle in the following areas:

33 (A) Environmental impact;

34 (B) Operational costs; and

35 (C) Maintenance costs;

36 (2) Prepare an annual report of the results from the study; and

1 (3) File the annual report by June 30 of the following fiscal  
2 year with the office of the Governor and the Legislative Council.

3 (f) The rebate to be awarded by the department is seventy-five  
4 percent (75%) of the cost for the differential costs, conversion kit, and  
5 incremental costs of converting a diesel-powered motor vehicle or gasoline-  
6 powered motor vehicle to a dedicated ~~or~~ compressed natural gas motor vehicle,  
7 bi-fuel compressed natural gas school-bus motor vehicle, dedicated propane  
8 gas motor vehicle, or bi-fuel propane gas motor vehicle.

9 (g) ~~No school district may~~ A public entity, a company, an  
10 organization, or an affiliate of a public entity, a company, or an  
11 organization shall not receive more than fifty thousand dollars (\$50,000) per  
12 fiscal year for ~~school-bus~~ conversion kit costs, differential costs, and  
13 incremental costs.

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15 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
16 General Assembly of the State of Arkansas that diesel-powered and gasoline-  
17 powered motor vehicles are contributing to air pollution in this state; that  
18 motor vehicles powered by compressed natural gas or propane gas are  
19 environmentally cleaner and are a great alternative to diesel-powered and  
20 gasoline-powered motor vehicles; that the costs of diesel and gasoline are  
21 much greater than the costs of compressed natural gas and propane gas; that  
22 Arkansans need the cost savings and the environmental enhancement of driving  
23 a motor vehicle powered by compressed natural gas or propane gas; and that  
24 this act is necessary because providing incentives would encourage Arkansans  
25 to convert their motor vehicles to motor vehicles that are powered by  
26 compressed natural gas or propane gas, which would help both the environment  
27 and the economy in Arkansas. Therefore, an emergency is declared to exist,  
28 and this act being necessary for the preservation of the public peace,  
29 health, and safety shall become effective on July 1, 2013.

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31 /s/B. Pierce  
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