



Texas Emissions Reduction Plan (TERP)

The primary purpose of this program is to reduce emissions of nitrogen oxides (NO_x) through a comprehensive set of voluntary incentive programs. The program applies in 41 counties that either do not meet national air quality standards or are adjacent to these counties. Funding occurs through fees and surcharges established by the Texas Legislature. The program expires in September, 2008.

General Program Criteria Requirements

- NO_x reduction of 25% or greater
- Cost effectiveness of the project must be less than \$13,000 per ton of NO_x reduced. Small Business Grant program uses a \$8,500 per ton threshold.
- Approved technology (EPA and CARB)
- Vehicles and equipment must operate at least 75 percent of the time in the targeted areas. Annual usage is measured by either miles of operation or fuel consumption.
- Replaced vehicles and engines must be destroyed or made permanently inoperable. On an individual basis, a vehicle could be transferred, sold, or otherwise disposed of outside of Texas, and not brought back into Texas.
- The lease contract must be for a period of 12 or more consecutive months.
- The program includes quality assurance and fraud prevention and detection program measures.

Emissions Reduction Incentive Grants Program

Emissions Reduction Incentive Grants Program. Grants fund the incremental costs associated with new engines, repowers, retrofit technologies, fuels, infrastructure, and demonstration of new technologies. Projects under this program include activities for on-road vehicles, non-road equipment, locomotives, marine vessels, and stationary engines. In 2 years, over 100 projects have been funded totaling over \$42 million. Next fiscal year, the fund's \$81 million expects to fund over 200 projects. There are two application periods in each fiscal year.

Heavy-Duty Motor Vehicle Purchase or Lease Incentive Program. Rebates on the purchase or lease of cleaner heavy-duty (8,500 lb or greater) vehicles. (new program)

Light-Duty Motor Vehicle Purchase or Lease Incentive Program. Rebates on the purchase or lease of cleaner cars and light trucks between 8,500 and 10,000 lbs. (new program)

New Technology Research and Development Program. Grants to support development of emissions-reducing technologies. To date, 17 grants totaling over \$7.6 million were awarded.

Small Business Grants Program

This program focuses on businesses that own and operate not more than two vehicles or pieces of non-road equipment. One vehicle must be heavy-duty diesel-powered with a pre-1994 engine model. The non-road equipment must be equipped with at least a 25 horsepower engine that generally is pre-1997 (varies with engine size). The project cost per ton eligibility criteria is capped at \$8,500/ton. Three projects were funded in March 2004 under this new program.

Program Funding

Funding for the new programs is provided by new fees and surcharges, including:

- 2% surcharge on sale price or lease /rental amount of off road diesel equipment sold, rented or lease
- 2% surcharge on storage, use, and consumption of off road diesel equipment
- 2.5% surcharge on sale or lease of model year pre-1997 vehicles over 14,000 lbs (2002-2003)
- 1% surcharge for the use of such vehicles and a 1% surcharge for 1997 or later model year (Effective July 2003)
- 10 % surcharge of total fees on the registration of truck-tractor and commercial motor vehicles.
- Fee of \$10 on the inspection of commercial motor vehicles
- Title application fees – charged when vehicle changes owner. Nonattainment county: \$20 out of \$33 fee; Other counties: \$15 out of \$28 fee

Funding Allocations

- 72 % to administer the Emissions Reduction Incentive Grant and Heavy-Duty Motor Vehicle Programs.
- Not more than 15% is to be used for the Heavy-Duty Vehicle Program. In addition, not more than 3% may be used for funding infrastructure projects under the Incentive Grants Program.
- 10 % to administer the Light-Duty Motor Vehicle Purchase or Lease Incentive Program.

The Texas Emissions Reduction Program web page is found at <http://www.tnrcc.state.tx.us/oprd/sips/terp.html>.