

1 State of Arkansas *As Engrossed: S1/31/13 H2/7/13*

2 89th General Assembly

# A Bill

3 Regular Session, 2013

SENATE BILL 125

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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 *By: Representative Jean*

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## For An Act To Be Entitled

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

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## Subtitle

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

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

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

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

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(B) Gasoline or diesel;

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SECTION 2. Arkansas Code § 15-13-102(8) and (9), concerning the



1 definitions to be used under the Arkansas Alternative Fuels Development Act,  
2 are amended to read as follows:

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

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

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

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

17 (A) Propane gas; and

18 (B) Gasoline or diesel;

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

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

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

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

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

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

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

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

1 15-13-301. Arkansas Alternative Fuels Development Program.

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

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

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

8 (2) Production incentives for feedstock processors;

9 (3) Distribution incentives for alternative fuels distributors;

10 and

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

12 (A) Differential costs; and

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

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

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

18 (iii) Dedicated propane gas motor vehicle; or

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

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

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

24 (2) The production of alternative fuels;

25 (3) The processing of feedstock; or

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

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

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

31 (C) Dedicated propane gas motor vehicle; or

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

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

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

1 (a) The Arkansas Alternative Fuels Development Program shall include  
2 an incentive program that provides a rebate to ~~Arkansas school districts to a~~  
3 public entity, a company, an organization, or an affiliate of a public  
4 entity, a company, or an organization:

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

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

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

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

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

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

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

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

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

1 vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas  
2 motor vehicle, or bi-fuel propane gas motor vehicle;

3 (2) Instructions about the rebate process;

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

5 and

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

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

10 (2) The report shall include:

11 (A) The amount of each rebate;

12 (B) The purpose of the rebate;

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

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

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

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

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

34 (A) Environmental impact;

35 (B) Operational costs; and

36 (C) Maintenance costs;

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

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

4 (f) *The rebate to be awarded by the department is ~~seventy-five~~ the*  
5 *lesser of:*

6 (1) *Seventy-five percent (75%) of the cost for the differential*  
7 *costs, conversion kit, and incremental costs of converting a diesel-powered*  
8 *motor vehicle or gasoline-powered motor vehicle to a dedicated ~~or~~ compressed*  
9 *natural gas motor vehicle, bi-fuel compressed natural gas ~~school-bus~~ motor*  
10 *vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor*  
11 *vehicle; or*

12 (2) *As determined by weight:*

13 (A) *Five thousand dollars (\$5,000) for a motor vehicle*  
14 *with a gross vehicle weight rating that does not exceed eight thousand five*  
15 *hundred pounds (8,500 lbs.);*

16 (B) *Eight thousand dollars (\$8,000) for a motor vehicle*  
17 *with a gross vehicle weight rating that is more than eight thousand five*  
18 *hundred pounds (8,500 lbs.) but does not exceed fourteen thousand pounds*  
19 *(14,000 lbs.);*

20 (C) *Twenty thousand dollars (\$20,000) for a motor vehicle*  
21 *with a gross weight rating that is more than fourteen thousand pounds (14,000*  
22 *lbs.) but does not exceed twenty-six thousand pounds (26,000 lbs.); or*

23 (D) *Thirty-two thousand dollars (\$32,000) for a motor*  
24 *vehicle with a gross vehicle weight rating of more than twenty-six thousand*  
25 *pounds (26,000 lbs.).*

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

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32 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
33 General Assembly of the State of Arkansas that diesel-powered and gasoline-  
34 powered motor vehicles are contributing to air pollution in this state; that  
35 motor vehicles powered by compressed natural gas or propane gas are  
36 environmentally cleaner and are a great alternative to diesel-powered and

1 gasoline-powered motor vehicles; that the costs of diesel and gasoline are  
2 much greater than the costs of compressed natural gas and propane gas; that  
3 Arkansans need the cost savings and the environmental enhancement of driving  
4 a motor vehicle powered by compressed natural gas or propane gas; and that  
5 this act is necessary because providing incentives would encourage Arkansans  
6 to convert their motor vehicles to motor vehicles that are powered by  
7 compressed natural gas or propane gas, which would help both the environment  
8 and the economy in Arkansas. Therefore, an emergency is declared to exist,  
9 and this act being necessary for the preservation of the public peace,  
10 health, and safety shall become effective on July 1, 2013.

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12 */s/B. Pierce*

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15 **APPROVED: 02/26/2013**  
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