The Texas Commission on Environmental Quality (commission) adopts amendments to 30 TAC §114.1 and §114.270, and the repeal of §§114.4, 114.201, 114.202, and 114.618. Section 114.270 is adopted with changes to the text as published in the March 9, 2007, issue of the Texas Register (32 TexReg 1197). Sections 114.1, 114.4, 114.201, 114.202 and 114.618 are adopted without changes to the proposed text and, therefore, will not be republished. The adopted revisions will be submitted to the United States Environmental Protection Agency (EPA) as a revision to the state implementation plan (SIP).

BACKGROUND AND SUMMARY OF THE FACTUAL BASIS FOR THE ADOPTED RULES

This rulemaking aligns certain transportation–air quality rules and definitions with state and federal statutes by repealing the following rules: the Mobile Emission Reduction Credit (MERC) program and associated fund and definitions, the Light-Duty Motor Vehicle Purchase or Lease Incentive Program Vehicle Emissions Information Brochure, and the Transportation Control Measures (TCM) Substitution Process. These provisions were either repealed by state statute or superseded by federal statute.

The 1990 Federal Clean Air Act (FCAA) Amendments, §182(c)(4), required states to either adopt the Federal Clean Fuel Fleet (FCFF) program outlined in FCAA, §246, or implement a program that demonstrates long-term reductions in ozone-producing and toxic air emissions equal to those achieved under the FCFF program. The FCFF program requires federal, state, and local governments, and private fleets to purchase low-emission vehicles (LEVs) in areas classified by the EPA as being in serious, severe, or extreme nonattainment of the national ambient air quality standards (NAAQS) for ozone and carbon monoxide (CO).
The State of Texas, in a committal SIP revision submitted to the EPA on November 15, 1992, opted out of the FCFF program in order to implement a fleet emission control program designed by the state. In 1994 the commission submitted the state's opt-out program in a SIP revision to the EPA and adopted rules to implement the Texas Alternative Fuel Fleet (TAFF) program as a substitute to the FCFF program in the areas of Texas classified by EPA as being in serious, severe, or extreme nonattainment of the NAAQS for ozone or CO.

In 1995 the 74th Texas Legislature modified the state’s alternative fuels program (Texas Health and Safety Code, Chapter 382, Subchapter F) through the passage of Senate Bill 200 (SB 200). The legislature facilitated fuel neutrality through the incorporation of the federal low emission vehicle (LEV) standards regardless of fuel type for certain affected fleets. The legislation required the commission to adopt regulations to implement the revised program. The commission adopted regulations that established the Texas Clean Fleet (TCF) program. In 1997 the 75th Texas Legislature further modified the state’s alternative fuels program through the passage of Senate Bill 681 (SB 681). SB 681 removed the commission’s authority to require the program in moderate nonattainment areas, limited the commission’s authority to the serious and above ozone nonattainment areas, and modified the state’s alternative fuels program. The basic requirement of LEV purchases was retained, but the implementation schedule was modified. SB 681 required the commission to adopt regulations to implement the program as modified by the legislation.

MERCs were part of the commission’s TCF economic incentive program to help reduce vehicle emissions of volatile organic compounds (VOC) and nitrogen oxides (NOx). The program was intended to provide additional flexibility for business, develop innovative strategies to control mobile source
emissions, and reduce the cost of compliance with the FCAA. MERCs were enforceable, permanent, and quantifiable emission reductions generated by a mobile source through the TCF program. Emission reductions that remain after an entity satisfied their requirements could be banked as credits.

In 2005 the 79th Texas Legislature passed Senate Bill 1032 (SB 1032), which repealed TCF in its entirety. This action also repealed the MERC program, MERC fund, and corresponding definitions. On April 26, 2006, the commission adopted the repeal of the TCF program as directed by SB 1032. This rulemaking repeals the remaining program elements, including the MERC program.

In 2001 the 77th Texas Legislature (2001) passed Senate Bill 5 (SB 5) establishing the Texas Emission Reduction Plan (TERP), which provided financial incentives for reducing emissions of on-road and non-road motor vehicles and equipment, grants for the development of new emission control technology, new building energy efficiency standards, and research and development programs. SB 5 programs were estimated to achieve reductions in excess of the reductions expected from the rules that were being repealed. In accordance with SB 5, the state implementation plan (SIP) was revised to replace certain rules with TERP. The adopted TERP rules established a state-wide incentive program for the purchase of new on-road diesel vehicles and light-duty motor vehicles that met emission standards more stringent than those required by federal requirements.

As a result of these new rules, a new §114.618 was adopted in August 2001, which required vehicle manufacturers to publish a brochure of eligible incentive vehicles by September 1 of each year. This brochure is also required to be submitted to the executive director, or his designee, by the same date.
House Bill 1365 (HB 1365) by the 78th Legislature (2003) repealed the requirement for vehicle manufacturers to publish and distribute a brochure annually. This adopted rulemaking repeals the rule implementing this requirement.

The federal surface transportation reauthorization act, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), established a transportation control measure substitution process, eliminating the requirement for an EPA-approved state process as found in 30 TAC §114.270(f), relating to the TCM Substitution Process. The federal SAFETEA-LU transportation control measure substitution process replaces and supersedes the state process. This adoption repeals the state section because it is no longer necessary. Because the federal process is largely based on the Texas process, no change is expected to occur in the state as a result of this revision.

SECTION BY SECTION DISCUSSION

The adoption amends, without changes from proposal, §114.1 in Subchapter A and §114.270 in Subchapter G; and repeals §114.4 in Subchapter A; §114.201 and §114.202 in Subchapter F; and §114.618 in Subchapter K.

§114.1(13) and §114.4. Subchapter A, Definitions.

The adoption amends §114.1 by repealing the definition of MERC in §114.1(13) and repeals the MERC definitions found in §114.4. These sections were elements of the TCF program, which was repealed by the commission on April 26, 2006, in accordance with SB 1032 following a repeal by the legislature in 2005, SB 1032. The legislative repeal made these program definitions no longer necessary. Current definitions in §114.1(14) through (18) will be renumbered (13) through (17).

The adoption repeals the MERC program found in §114.201 and the MERC fund found in §114.202. Both of these sections were program elements of the TCF program, which was repealed by the commission on April 26, 2006, following enactment of SB 1032 in 2005, which repealed the TCF program. The legislative repeal made this program no longer necessary.

§114.270. Subchapter G, Transportation Control Measures.

The adoption amends §114.270 by deleting §114.270(f), the TCM substitution process. The re-authorization of the SAFETEA-LU eliminated the requirement for an EPA-approved state process for approving TCM substitutions. The provisions of the SAFETEA-LU establish that if there is a conflict between an approved state process and the approval process contained in the SAFETEA-LU, the state must follow the requirements found in the SAFETEA-LU. This adoption also strikes language in subsection (a). Subsequent to the close of the public comment period, the commission determined that language in subsection (a), referring to the now-deleted TCM substitution process in subsection (f), should be stricken in order to provide consistency in the rule and avoid confusion.


The adopted rulemaking repeals the requirement of §114.618 that requires automobile manufacturers to publish a brochure annually and submit it to the TCEQ by September 1st of every year. The adoption repeals this requirement at the directive of HB 1365, 78th Legislature (2003).

FINAL REGULATORY IMPACT ANALYSIS DETERMINATION
The commission reviewed the rulemaking in light of the regulatory analysis requirements of Texas Government Code, §2001.0225, and determined the rules do not meet the definition of a “major environmental rule.” Under Texas Government Code, §2001.0225, “major environmental rule” means a rule the specific intent of which is to protect the environment or reduce risks to human health from environmental exposure, and that may adversely affect in a material way the economy, a sector of the economy, productivity, competition, jobs, the environment, or the public health and safety of the state or a sector of the state. Furthermore, it does not meet any of the four applicability requirements listed in §2001.0225(a). Section 2001.0225 applies only to a major environmental rule which 1) exceeds a standard set by federal law, unless the rule is specifically required by state law; 2) exceeds an express requirement of state law, unless the rule is specifically required by federal law; 3) exceeds a requirement of a delegation agreement or contract between the state and an agency or representative of the federal government to implement a state and federal program; or 4) adopts a rule solely under the general powers of the agency instead of under a specific state law. The adopted rulemaking removes various outdated requirements and aligns state rules with federal and state statutes as described in the BACKGROUND AND SUMMARY OF THE FACTUAL BASIS FOR THE ADOPTED RULES and SECTION BY SECTION DISCUSSION sections above. Because the adopted rules are not specifically intended to protect the environment or reduce risks to human health from environmental exposure but to remove outdated rules making state rules consistent with state and federal statutes, this adopted rulemaking is not a major environmental rule and does not meet any of the four applicability requirements. Because these adopted rules remove requirements, they do not result in any new requirements and should not adversely affect in a material way the economy, a sector of the economy, productivity, competition, or jobs. The commission solicited public comment regarding this draft regulatory impact analysis determination. No comments were received on the draft regulatory impact analysis determination.
TAKINGS IMPACT ASSESSMENT

The commission evaluated these rules and performed an assessment of whether Texas Government Code, Chapter 2007 is applicable. The commission’s assessment indicates Texas Government Code, Chapter 2007 does not apply to these adopted amendments because this action discontinues requirements as described in the BACKGROUND AND SUMMARY OF THE FACTUAL BASIS FOR THE ADOPTED RULES and SECTION BY SECTION DISCUSSION sections of this preamble. Also, the adopted rules remove various outdated requirements and align state rules with federal and state statutes. Promulgation and enforcement of these amendments will be neither a statutory or constitutional taking of private real property. Specifically, the adopted amendments do not affect a landowner’s rights in private real property, because this rulemaking action does not burden, restrict, nor limit the owner’s rights to property or reduce its value by 25% or more beyond which would otherwise exist in the absence of the adopted regulations.

CONSISTENCY WITH THE COASTAL MANAGEMENT PROGRAM

The commission reviewed the adopted rulemaking and found the adoption is a rulemaking identified in the Coastal Coordination Act Implementation Rules, 31 TAC §505.11(b)(4), concerning rules subject to the Texas Coastal Management Program (CMP), and, therefore, required that goals and policies of the CMP be considered during the rulemaking process. The commission reviewed this rulemaking for consistency with the CMP goals and policies in accordance with the regulations of the Coastal Coordination Council and determined that the rulemaking is editorial and procedural in nature and will have no substantive effect on commission actions subject to the CMP and is, therefore, consistent with
CMP goals and policies. The commission invited public comment regarding the consistency of the rules with the CMP. No comments were received regarding the consistency of the rules with the CMP.

PUBLIC COMMENT

The proposal was published in the March 9, 2007, issue of the Texas Register (32 TexReg 1197). The commission held a public hearing on April 3, 2007, in Austin. The comment period closed on April 9, 2007. The commission received comments from only the Environmental Protection Agency (EPA).

RESPONSE TO COMMENTS

EPA supported the commission’s proposed repeals in response to implementation of federal and state legislation. EPA commented that statutory language now in the Clean Air Act as a result of SAFETEA-LU rendered the commission’s TCM rule obsolete and therefore, supported the repeal of 30 TAC §114.270(f). EPA commented that they did not oppose the repeal of the MERCs program or the requirement that automobile manufacturers publish annually a brochure listing vehicles’ emissions standards since both actions were implementation of state legislation.

The commission did not make any changes to the rule in response to this comment. The rulemaking aligns certain transportation-air quality requirements with federal and state legislation and statutes. The commission appreciates EPA’s support in this action.
§114.1. Definitions.

Unless specifically defined in Texas Health and Safety Code, Chapter 382, also known as the Texas Clean Air Act (TCAA) or in the rules of the commission, the terms used by the commission have the meanings commonly ascribed to them in the field of air pollution control. In addition to the terms
which are defined by the TCAA, the following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise.

(1) **Dual-fuel vehicle**--Any motor vehicle or motor vehicle engine engineered and designed to be operated on two different fuels, but not a mixture of the two.

(2) **Emergency vehicle**--A vehicle defined as an authorized emergency vehicle according to Texas Transportation Code, §541.201(1).

(3) **Emissions**--The emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, particulate, or any combination of these substances.

(4) **First safety inspection certificate**--Initial Texas Department of Public Safety (DPS) certificates issued through DPS certified inspection stations for every new vehicle found to be in compliance with the rules and regulations governing safety inspections.

(5) **Gross vehicle weight rating**--The value specified by the manufacturer as the maximum design loaded weight of a vehicle. This is the weight as expressed on the vehicle's registration, and includes the weight the vehicle can carry or draw.

(6) **Heavy-duty vehicle**--Any passenger vehicle or truck capable of transporting people, equipment, or cargo, that has a gross vehicle weight rating (GVWR) greater than 8,500 pounds, and is
required to be registered under Texas Transportation Code, §502.002. For purposes of the mobile emission reduction credit trading program the heavy-duty class is divided into the following subclasses:

(A) Light heavy-duty vehicle--Any passenger vehicle or truck capable of transporting people, equipment, or cargo that has a GVWR greater than 8,500 pounds, but less than or equal to 10,000 pounds.

(B) Medium heavy-duty vehicle--Any passenger vehicle or truck capable of transporting people, equipment, or cargo that has a GVWR greater than 10,000 pounds, but less than or equal to 19,500 pounds.

(C) Heavy heavy-duty vehicle--Any passenger vehicle or truck capable of transporting people, equipment, or cargo that has a GVWR greater than 19,500 pounds.

(7) **Inherently low emission vehicle**--A vehicle as defined by 40 Code of Federal Regulations, Part 88.

(8) **Law enforcement vehicle**--Any vehicle controlled by a local government and primarily operated by a civilian or military police officer or sheriff, or by state highway patrols, or other similar law enforcement agencies, and which is used for the purpose of law enforcement activities including, but not limited to, chase, apprehension, surveillance, or patrol of people engaged in or potentially engaged in unlawful activities.
(9) **Light-duty vehicle**--Any passenger vehicle or truck capable of transporting people, equipment, or cargo, that has a gross vehicle weight rating (GVWR) less than or equal to 8,500 pounds, and registered or required to be registered under Texas Transportation Code, §502.002. For purposes of the mobile emission reduction credit trading program the light-duty class is divided into the following subclasses:

(A) Light-duty vehicle--Any passenger vehicle capable of seating 12 or fewer passengers that has a GVWR less than or equal to 6,000 pounds.

(B) Light-duty truck 1--Any passenger truck capable of transporting people, equipment, or cargo, that has a GVWR less than or equal to 6,000 pounds.

(C) Light-duty truck 2--Any passenger truck capable of transporting people, equipment, or cargo, that has a GVWR greater than 6,000 pounds, but less than or equal to 8,500 pounds.

(10) **Loaded mode inspection and maintenance test**--A measurement of the tailpipe exhaust emissions of a vehicle while the drive wheel rotates on a dynamometer, which simulates the full weight of the vehicle driving down a level roadway. Loaded test equipment specifications shall meet United States Environmental Protection Agency requirements for acceleration simulation mode equipment.

(11) **Low emission vehicle (LEV)**--A vehicle in a class or category of vehicles that has been certified by the United States Environmental Protection Agency for any model year to meet:
(A) the LEV standards applicable under 42 United States Code, Part C, Subchapter II, §§7581 et seq.; or

(B) emission limits at least as stringent as the applicable LEV standards for the Federal Clean Fuel Fleet program under 40 Code of Federal Regulations §§88.104-94, 88.105-94, and 88.311-93, as published in the *Federal Register* on September 30, 1994 (59 FR 50042).

(12) **Mass transit authority**—A transportation or transit authority or department established under Chapter 141, 63rd Legislature (1973), as defined in Texas Transportation Code, Chapters 451-453 (relating to Metropolitan Rapid Transit Authorities, Regional Transportation Authorities, and Municipal Transit Departments), that operates a mass transit system under any of those laws.

(13) **Reformulated gasoline**—Gasoline that has been certified as a reformulated gasoline under the federal certification regulations adopted in accordance with 42 United States Code, §7545(k).

(14) **Texas Inspection and Maintenance State Implementation Plan**—The portion of the Texas state implementation plan that includes the procedures and requirements of the vehicle emissions inspection and maintenance program as adopted by the commission May 29, 1996, in accordance with 40 Code of Federal Regulations Part 51, Subpart S, issued November 5, 1992; the United
States Environmental Protection Agency flexibility amendments dated September 18, 1995; and the National Highway Systems Designation Act of 1995. A copy of the Texas Inspection and Maintenance State Implementation Plan is available at the Texas Commission on Environmental Quality, 12100 Park 35 Circle, Austin, Texas, 78753; mailing address: P.O. Box 13087, MC 166, Austin, Texas 78711-3087.

(15) **Tier I federal emission standards**--The standards are defined in 42 United States Code, §7521, and in 40 Code of Federal Regulations, Part 86. The phase-in of these standards began in model year 1994.

(16) **Ultra low emission vehicle**--A vehicle as defined by 40 Code of Federal Regulations, Part 88.

(17) **Zero emission vehicle**--A vehicle as defined by 40 Code of Federal Regulations, Part 88.
SUBCHAPTER A: DEFINITIONS

§114.4

STATUTORY AUTHORITY

The repeal is adopted under Texas Water Code (TWC), §5.102, concerning General Powers; §5.103, which authorizes the commission to adopt rules necessary to carry out its powers and duties under the TWC; and under Texas Health and Safety Code, Texas Clean Air Act (TCAA), §382.017, concerning Rules, which authorizes the commission to adopt rules consistent with the policy and purposes of the TCAA; §382.011, which provides for general powers and duties under the TCAA. The repeal is adopted under THSC, §382.002, concerning Policy and Purpose, which establishes the commission purpose to safeguard the state’s air resources, consistent with the protection of public health, general welfare, and physical property; §382.012, which authorizes the commission to develop a general, comprehensive plan for the proper control of the state’s air; and §382.019 which authorizes the commission to adopt rules to control and reduce emissions from engines used to propel land vehicles.

The adopted repeal implements THSC, §§382.002, 382.011, 382.012, and 382.019.

§114.4. Mobile Emission Reduction Credit Definitions.
SUBCHAPTER F: VEHICLE RETIREMENT AND MOBILE
EMISSION REDUCTION CREDITS

DIVISION 1: MOBILE EMISSION REDUCTION CREDITS

§114.201, §114.202

STATUTORY AUTHORITY

The repeals are adopted under Texas Water Code (TWC), §5.102, concerning General Powers; §5.103, which authorizes the commission to adopt rules necessary to carry out its powers and duties under the TWC; and under Texas Health and Safety Code, Texas Clean Air Act (TCAA), §382.017, concerning Rules, which authorizes the commission to adopt rules consistent with the policy and purposes of the TCAA; §382.011, which provides for general powers and duties under the TCAA. The repeals are adopted under THSC, §382.002, concerning Policy and Purpose, which establishes the commission’s purpose to safeguard the state’s air resources, consistent with the protection of public health, general welfare, and physical property; §382.012, which authorizes the commission to develop a general, comprehensive plan for the proper control of the state’s air; and §382.019 which authorizes the commission to adopt rules to control and reduce emissions from engines used to propel land vehicles.

The adopted repeals implement THSC, §§382.002, 382.011, 382.012, and 382.019.

§114.201. Mobile Emission Reduction Credit Program.

STATUTORY AUTHORITY

The amendment is adopted under Texas Water Code (TWC), §5.103, which authorizes the commission to adopt rules necessary to carry out its powers and duties under the TWC; and under Texas Health and Safety Code, Texas Clean Air Act (TCAA), §382.017, concerning Rules, which authorizes the commission to adopt rules consistent with the policy and purposes of the TCAA; §382.002 concerning Policy and Purpose, which establishes the commission’s purpose to safeguard the state’s air resources, consistent with the protection of public health, general welfare, and physical property; §382.011, which provides for general powers and duties under the TCAA; §382.012, which authorizes the commission to develop a general, comprehensive plan for the proper control of the state’s air; and §382.208, which authorizes the commission to work with federal, state, and local transportation planning agencies to develop and implement transportation programs and other measures necessary to demonstrate and maintain attainment of national ambient air quality standards. The amendment is also adopted under the statutory requirement for transportation conformity found in §176(c) of the 1990 Federal Clean Air Act Amendments. In addition, 40 Code of Federal Regulations (CFR) Part 51, Subpart T and Part 93, Subpart A established criteria and procedures for determining whether transportation plans, programs, and projects in nonattainment and maintenance areas conform with the state implementation plan.

The adopted amendment implements THSC, §§382.002, 382.011, 382.012, 382.017, and 382.019.

§114.270. Transportation Control Measures.
(a) Purpose. The purpose of this section is to implement requirements relating to transportation control measures (TCMs). These requirements address the roles and responsibilities of the metropolitan planning organizations (MPOs) and implementing transportation agencies in nonattainment and maintenance areas.

(b) Applicability. This section applies to MPOs and agencies that implement TCMs in designated nonattainment or maintenance areas. The affected nonattainment and maintenance areas are listed in §101.1 of this title (relating to Definitions).

(c) General. All TCMs shall be developed, coordinated, funded, approved, implemented, tracked, evaluated, and monitored in accordance with §114.260 of this title (relating to Transportation Conformity); Title 40 Code of Federal Regulations, Part 93 (Conformity to State or Federal Implementation Plans of Transportation Plans, Programs and Projects Developed, Funded or Approved Under Title 23 USC or the Federal Transit Laws, as amended); the Federal Clean Air Act, 42 United States Code, 1970, as amended; and the EPA TCM SIP approval criteria listed in the EPA guidance document "Transportation Control Measures: State Implementation Plan Guidance," EPA 450/2-89-020, September 1990.

(d) MPO responsibilities. The MPO shall:

(1) ensure that all responsibilities required by subsection (c) of this section are fulfilled;
(2) maintain, on a rolling basis, complete and accurate records of all TCMs for at least five years. TCM records shall be sufficient to accurately reflect the effectiveness of the TCM program and shall include the following:

(A) the annual status of the implementation of the TCM, including quantification of progress;

(B) an annual estimate of the funding and other resources expended toward implementing the TCM, and a comparison of the actual and projected expenditures;

(C) an annual estimate of the emission reductions achieved from implementation of the TCM, and a comparison of the actual and projected reductions; and

(D) any modifications to the TCM since the last annual report and/or projected modifications for the next reporting period to compensate for a shortfall in the implementation of the TCM or in the associated emissions reductions; and

(3) make such records available to representatives of the commission, the EPA, the Federal Highway Administration, the Federal Transit Administration, the Texas Department of Transportation, local air pollution agencies having jurisdiction in the area, and the public, upon request;

(e) Implementing agency responsibilities. The implementing agency shall have the responsibility to:
(1) ensure that all responsibilities required by subsection (c) of this section are fulfilled; and

(2) provide to the MPO upon request:

   (A) a complete description of the TCMs and their associated estimated emission reduction benefits;

   (B) evidence that the TCMs were properly adopted by a jurisdiction with legal authority to commit to and execute the program;

   (C) evidence that funding has been, or will be, obligated to implement the TCMs; and

   (D) a description of the monitoring program to assess the TCM effectiveness.
SUBCHAPTER K: MOBILE SOURCE INCENTIVE PROGRAMS

DIVISION 2: LIGHT-DUTY MOTOR VEHICLE PURCHASE

OR LEASE INCENTIVE PROGRAM

§114.618

STATUTORY AUTHORITY

The repeal is adopted under Texas Water Code (TWC), §5.102, concerning General Powers; §5.103, which authorizes the commission to adopt rules necessary to carry out its powers and duties under the TWC; and under Texas Health and Safety Code, Texas Clean Air Act (TCAA), §382.017, concerning Rules, which authorizes the commission to adopt rules consistent with the policy and purposes of the TCAA; §382.011, which provides for general powers and duties under the TCAA. The repeal is adopted under THSC, §382.002, concerning Policy and Purpose, which establishes the commission’s purpose to safeguard the state’s air resources, consistent with the protection of public health, general welfare, and physical property; §382.012, which authorizes the commission to develop a general, comprehensive plan for the proper control of the state’s air; and §382.019 which authorizes the commission to adopt rules to control and reduce emissions from engines used to propel land vehicles.

The adopted repeal implements THSC, §§382.002, 382.011, 382.012, and 382.019.