Texas Commission on Environmental Quality
Interoffice Memorandum

To: Commissioners **Date:** August 7, 2026

Thru: Laurie Gharis, Chief Clerk
Kelly Keel, Executive Director

From: Richard C. Chism, Director *RCC*
Office of Air

Docket No.: 2025-1859-RUL

Subject: Commission Approval for Rulemaking Adoption
Chapter 114, Control of Air Pollution from Motor Vehicles
Senate Bill (SB) 2102 and SB 1729 Chapter 114 Initial Rental Vehicle Registration Provisions
Rule Project No. 2026-003-114-AI

Background and reason(s) for the rulemaking:
Eighteen counties in Texas are subject to 30 Texas Administrative Code (TAC) Chapter 114 Inspection and Maintenance (I/M) rules: Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, and Tarrant Counties in the Dallas-Fort Worth area; Brazoria, Fort Bend, Galveston, Harris, and Montgomery Counties in the Houston-Galveston-Brazoria area; Travis and Williamson Counties in the Austin-Round Rock area; El Paso County; and, beginning November 1, 2026, Bexar County. All I/M counties will be subject to this rulemaking.

The 88th Texas Legislature, 2023, Regular Session, passed SB 2102, which amended Texas Health and Safety Code (THSC), §382.202 to extend the initial registration and inspection period for new rental vehicles from two years to three years and to require that the emissions inspection fees that would have applied in the additional exemption year be collected.[1] A rulemaking and state implementation plan (SIP) revision were adopted on September 24, 2025, to allow one additional year of exemption from emissions inspections for new rental vehicles; however, the fee component of the legislation was not addressed in those rule and SIP actions (Project Nos. 2025-012-114-AI and 2025-013-SIP-NR).

SB 1729, 89th Texas Legislature, 2025, Regular Session, further amended THSC, §382.202 by consolidating amendments made by SB 2102.[2] The rental vehicle provisions were added to THSC, §382.202(d-2)(1) and (2) with SB 2102 amendments and relocated to THSC, §382.202(d-2) with SB 1729 amendments but were otherwise unaffected.

The adopted rulemaking adds necessary provisions to 30 TAC Chapter 114 to fully implement the statutory requirements in THSC, §382.202(d-2), as added by SB 2102 and amended by SB 1729. Section 382.202(d-2) of the THSC provides that, with U.S. Environmental Protection Agency (EPA) approval of a revision to the SIP, the initial registration and emissions inspection period for new rental vehicles is increased from two years to three years. These amendments do not affect EPA-approved I/M program testing requirements, and therefore, do not interfere with control measures or negatively impact the state's progress towards attainment or reasonable further progress of the 2008 and 2015 eight-hour ozone National Ambient Air Quality Standards (NAAQS) or maintenance of the carbon monoxide NAAQS in El Paso County, which is under an approved limited maintenance plan. Additionally, THSC, §382.202(d-2) requires that the Texas Commission on Environmental Quality (TCEQ or commission) establish and assess fees for the emissions inspection of a new rental vehicle in amounts calculated to provide the same revenue for a three-

[1] Tex. S.B. 2102, 88th Leg., R.S. (2023).
[2] Tex. S.B. 1729, 89th Leg., R.S. (2025).

year registration and inspection period that would be provided if the vehicle was inspected annually or biennially. The change to a three-year registration and inspection period is also required to be revenue neutral.

Emissions inspection fees are not required for new vehicles at initial registration for the first two years. THSC, §382.202(d-2) extends compliance with vehicle emissions inspection requirements to three years for new rental vehicles, pending SIP approval; however, the state must still collect the vehicle emissions inspection fee for the second year even though no inspection is required because THSC, §382.202(d-2) requires revenue neutrality. These fees need to be paid up front during initial rental vehicle registration because the state cannot ensure that the rental vehicle would be registered in Texas at the time of its first annual registration.

Scope of the rulemaking:
The rulemaking adoption amends 30 TAC Chapter 114, Subchapters A and C, to implement changes made in THSC, §382.202(d-2) by SB 2102 and SB 1729. The associated adopted SB 2102 and SB 1729 Implementation I/M SIP Revision (Project No. 2026-004-SIP-NR) incorporates the adopted I/M rules into the SIP.

SB 2102 requires rulemaking to make revisions to 30 TAC Chapter 114, Subchapters A and C and the I/M program included in the SIP to assess fees for rental vehicles at the time of initial vehicle registration in lieu of the portion of the vehicle emissions inspection fees specified by THSC, §382.202(e) that would otherwise have been assessed for a vehicle's first emissions inspection when the vehicle becomes two years old. The rulemaking will assess emissions inspection fees for rental vehicles at the time of initial registration to comply with the statutory requirement in THSC, §382.202(d-2) to provide the same revenue that would be provided if the vehicle was inspected annually or biennially and ensure revenue neutrality.

The adopted rule adds definitions for "annual vehicle registration" and "initial rental vehicle registration." This rulemaking will only affect owners of new rental vehicles and does not change any fee amounts in 30 TAC Chapter 114.

A.) Summary of what the rulemaking will do:
The rulemaking will assess emissions inspection fees for new rental vehicles at the time of initial registration to comply with the statutory requirement to provide the same revenue that would be provided if the vehicle was inspected annually or biennially. The associated SIP revision incorporates the adopted I/M rules into the SIP. The rulemaking amends 30 TAC Chapter 114, Subchapters A and C to implement the changes made in THSC, §382.202(d-2) by SB 2102 and SB 1729.

B.) Scope required by federal regulations or state statutes:
The rulemaking and associated SIP revision require rental vehicle owners to remit, at the time of initial vehicle registration, the portion of the vehicle emissions inspection fees specified by THSC, §382.202(e) that would otherwise have been assessed for a vehicle's first emissions inspection when the vehicle becomes two years old. The adopted rule reflects the requirement in THSC, §382.202(d-2), as incorporated by SB 2102 and SB 1729, that the statutory extension of the start of emissions inspection compliance for rental vehicles from two-year to three-year old vehicles be revenue neutral.

C.) Additional staff recommendations that are not required by federal rule or state statute:
None.

Statutory authority:
Texas Water Code (TWC), §5.102, General Powers
TWC, §5.103, Rules
TWC, §5.105, General Policy
THSC, §382.002, Policy and Purpose
THSC, §382.011, General Powers and Duties
THSC, §382.012, State Air Control Plan
THSC, §382.017, Rules
THSC, §382.0622, Clean Air Act Fees
THSC, §382.202, Vehicle Emissions Inspection and Maintenance Program
THSC, §382.203, Vehicles Subject to Program; Exemptions
THSC, §382.205, Inspection Equipment and Procedures

Effect on the:

A.) Regulated community:
This rulemaking only affects owners of new rental vehicles. Owners of new rental vehicles will remit vehicle emissions inspection fees at the time of initial vehicle registration in lieu of paying the vehicle emissions inspection fees that would otherwise have been remitted when the vehicle becomes two years old.

B.) Public:
Inspections for any vehicle subject to emissions inspection requirements in 30 TAC Chapter 114, Subchapters A and C that is not a rental vehicle will not be affected by the rulemaking adoption.

C.) Agency programs:
None.

Stakeholder meetings:
The commission did not hold any stakeholder meetings related to this rulemaking.

Public Involvement Plan
Yes.

Alternative Language Requirements
Yes. Spanish.

Public comment:
The public comment period opened on April 3, 2026, and closed on May 19, 2026. The commission held a virtual public hearing on May 14, 2026, at 2:00 p.m. Notice of the public hearing was published in English in the *Dallas Morning News*, *El Paso Times*, *Houston Chronicle,* and *San Antonio Express-News* newspapers on April 3, 2026, and in the *Austin-American Statesman* on April 6, 2026. Notice of the public hearing was published in Spanish in *El Diario de El Paso* on April 3, 2026, in *Al Día, Hoy en Austin,* and the *San Antonio Express-News* on April 8, 2026, and in *La Voz* on April 15, 2026. Notices were also posted in English and Spanish and distributed to subscribers through GovDelivery and posted to TCEQ's website, and a notice was published in English in the *Texas Register* on April 17, 2026 (51 TexReg 2527). A plain language summary was provided in both English and Spanish. TCEQ staff were present and opened the hearing for public comment on this project as well as the concurrent I/M SIP revision (Project No. 2026-004-SIP-NR), and instructions for participating in the hearing were provided in Spanish. The hearing was recorded and a transcript was prepared. During the comment period, one individual provided oral

comments at the public hearing, and the same individual submitted written comments. The comments were outside the scope of the rulemaking and associated SIP revision.

Significant changes from proposal:
None.

Potential controversial concerns and legislative interest:
None.

Will this rulemaking affect any current policies or require development of new policies?
This rulemaking will not affect any current policies or require development of new policies.

What are the consequences if this rulemaking does not go forward? Are there alternatives to rulemaking?
There is no alternative to rulemaking and a revision to the SIP to implement THSC, §382.202(d-2) requirements, as incorporated by SBs 2102 and 1729.

Key points in the adoption rulemaking schedule:
Texas Register proposal publication date: April 17, 2026
Anticipated _Texas Register_ adoption publication date: September 11, 2026
Anticipated effective date: September 17, 2026
Six-month _Texas Register_ filing deadline: October 17, 2026

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Attachments:
Senate Bill 1729
Senate Bill 2102

cc: Chief Clerk, 2 copies
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