

Stricken language would be deleted from and underlined language would be added to present law.  
Act 152 of the Regular Session

State of Arkansas  
89th General Assembly  
Regular Session, 2013

As Engrossed: S1/31/13 H2/7/13  
**A Bill**

SENATE BILL 125

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

By: Representative Jean

### For An Act To Be Entitled

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

### Subtitle

TO PROVIDE INCENTIVES FOR CONVERTING DIESEL-POWERED MOTOR VEHICLES AND GASOLINE-POWERED MOTOR VEHICLES TO MOTOR VEHICLES POWERED BY COMPRESSED NATURAL GAS OR PROPANE GAS; AND TO DECLARE AN EMERGENCY.

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

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

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

- (A) Compressed natural gas; and ~~gasoline~~
- (B) Gasoline or diesel;

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



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

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

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

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

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

(A) Propane gas; and

(B) Gasoline or diesel;

(16) “Dedicated propane gas motor vehicle” means a motor vehicle that is powered only by propane gas; and

(17) “Differential costs” means the difference in costs between:

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

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

(18) “Incremental costs” means the difference in the costs between:

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

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

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

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

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

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

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

(2) Production incentives for feedstock processors;

(3) Distribution incentives for alternative fuels distributors;

and

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

(A) Differential costs; and

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

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

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

(iii) Dedicated propane gas motor vehicle; or

(iv) Bi-fuel propane gas motor vehicle.

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

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

(2) The production of alternative fuels;

(3) The processing of feedstock; or

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

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

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

(C) Dedicated propane gas motor vehicle; or

(D) Bi-fuel propane gas motor vehicle.

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

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

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

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

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

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

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

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

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

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

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

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

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

- (2) Instructions about the rebate process;
- (3) Scoring procedures to determine the award of the rebates;

and

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

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

(2) The report shall include:

- (A) The amount of each rebate;
- (B) The purpose of the rebate;

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

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

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

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

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

- (A) Environmental impact;
- (B) Operational costs; and
- (C) Maintenance costs;

(2) Prepare an annual report of the results from the study; and  
 (3) File the annual report by June 30 of the following fiscal year with the office of the Governor and the Legislative Council.

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

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

(2) As determined by weight:

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

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

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

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

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

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

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

*/s/B. Pierce*

**APPROVED: 02/26/2013**