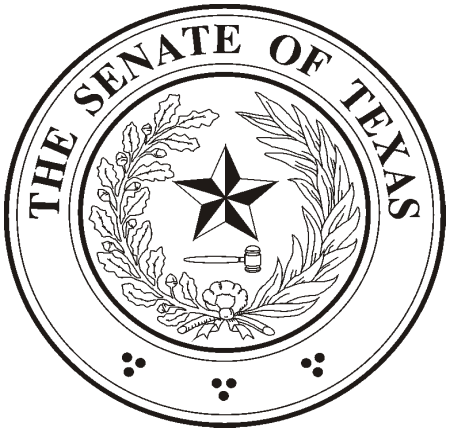
The Senate Committee on Natural Resources



Interim Report to the 80th Legislature

State Air Programs

December 2006

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INTERIM CHARGE 1

INTERIM CHARGE

Monitor ongoing efforts to improve air quality in Texas and review development and implementation of the State Implementation Plan. Examine the effectiveness of the Low Income Vehicle Repair and Assistance Program and the Texas Emissions Reduction Program.

BACKGROUND

Under the federal Clean Air Act, the Environmental Protection Agency (EPA) is charged with reducing air pollution. To accomplish this goal, EPA has adopted health-based standards for six criteria air pollutants: ground-level ozone (O_3), particulate matter (PM), nitrogen oxide (NO_X), sulfur dioxide (SO_X), carbon monoxide (CO), and lead (Pb).[1] Based on an 8-hour standard, EPA sets limits on the presence of these six pollutants in the air. Any area of a state that does not meet EPA guidelines for one or more of the criteria air pollutants is referred to as a nonattainment area.

States with nonattainment areas are charged with developing a State Implementation Plan (SIP). A state's SIP sets forth the control strategies that the state will use to meet federal air quality standards.

The EPA has established deadlines for meeting these air quality standards. The EPA's deadlines are based on the level of pollutants in a certain area. Areas that exceed the limits are given ratings: marginal, moderate, serious, severe, and extreme. Areas with a marginal rating must show attainment by 2007, moderate areas by 2010, serious areas by 2013, severe areas by 2019, and extreme areas by 2024.[2] The Governor of a state is allowed to "bump up" the classification of any nonattainment area in his/her state. For example, an area with a rating of serious could be "bumped" by the Governor to a rating of severe, giving an area more time to meet the federal air quality standards, and thus, avoiding the penalties for failing to meet the deadline. Failure to meet the federal air quality standards could lead to loss of federal highway funds, difficulty in obtaining federal air permits, and/or seizure of control of a state's SIP by the federal government.[3]

Three regions of Texas have been designated nonattainment for excessive ground-level ozone: the Dallas-Fort Worth metroplex (DFW), the Houston-Galveston-Brazoria region (HGB), and the Beaumont-Port Arthur area (BPA). The DFW metroplex and HGB have been assigned a rating of moderate, while BPA received a rating of marginal. Initially, El Paso was found to be in nonattainment for PM, CO, and O_3, but current monitoring shows the area is in attainment for CO and O_3.[4] One monitor is currently showing nonattainment for PM, but the State believes this is due to natural events and is working with EPA to have El Paso designated as attainment.

There were concerns that three additional areas of the state (Austin/San Marcos, San Antonio, and Northeast Texas (Tyler/Longview)) would be designated as nonattainment in the future, and consequently, those areas entered into Early Action Compacts (EAC)

with EPA. Under their respective EACs, each area must take steps to avoid violating the standards for ozone in the future.[5]

As noted above, ground-level ozone is the reason certain regions of Texas are designated as nonattainment. The EPA's standard for ground-level ozone is 85 parts per billion (ppb), and in 1991, DFW's ground-level ozone level was 101 ppb, HGB's was 119 ppb, and BPA's was 106 ppb. BPA is currently monitoring 85 ppb, DFW's ground-level ozone is now at 96 ppb and HGB's is at 103 ppb.[6] A SIP for BPA was submitted to EPA in November of 2005 and the area is now operating under those rules. Based on ground-level ozone control measures currently under consideration for DFW and HGB, the State is in danger of not meeting the 2009 attainment deadline set by EPA.

To effectively reduce levels of ground-level ozone, the State must limit the emissions that cause this pollutant. Ground-level ozone is formed when NO_X and volatile organic compounds (VOCs) mix in the presence of sunlight. Because a large percentage of VOCs in the atmosphere are naturally occurring, SIPs under consideration for DFW and HGB are primarily focused on reducing the amount of NO_X emissions.

In both DFW and HGB, mobile emissions are the largest source of NO_X emissions. Mobile sources account for 73 percent of the NO_X emissions in DFW.[7] Fifty-six percent of NO_X emissions in HGB are from mobile sources.[8] There are two sources of mobile emissions: on-road mobile emissions and off-road mobile emissions. On-road mobile emissions primarily result from passenger vehicles and commercial fleets. Off-road mobile emission sources are a result of combustion engines not associated with highway vehicles. This off-road category includes engines in construction equipment, locomotives, marine vessels and aircraft.[9]

While mobile emissions are the primary cause of DFW and HGB's nonattainment status, mobile sources are beyond state regulation. Engine emission limits and fuel standards are set by the federal government and are not subject to regulation by the state. The federal government has adopted new emission standards for engines, but the State will not see the air quality benefits of new, cleaner burning vehicles until after the 2009 deadline for meeting the air quality standards.[10]

Although the State cannot control mobile sources directly, Texas does have two grant programs designed to reduce mobile emissions by providing grants for pollution control equipment, retrofits, and replacements.

TEXAS EMISSIONS REDUCTION PLAN

The Texas Emissions Reduction Plan (TERP) was created in 2001 by Senate Bill 5, 77th Legislature, Brown/Wolens. This program provides financial incentives from a designated fund for projects (primarily commercial) that reduce emissions of NO_X. Projects funded through TERP grants include retrofits and replacement of engines on heavy-duty vehicles, equipment, locomotives, and marine vessels.[11] Grants issued

through TERP are only available for projects in nonattainment counties, near nonattainment counties, and affected counties (see Appendix A).

Since the creation of TERP, a number of legislative changes have been made to the program. In 2003, House Bill (H.B.) 1365, 78th Legislature, Bonnen/Harris increased the number of projects eligible for TERP funding and provided the Texas Commission on Environmental Quality (TCEQ) with additional flexibility in setting guidelines and selecting projects. In addition, the legislation removed language placing a $225 inspection fee for registering an out-of-state vehicle. This fee was found to violate the Commerce Clause and the equal protection guarantees of the United States Constitution by a state district court and therefore was ruled unconstitutional. To replace funding generated by the unconstitutional fee, H.B. 1365 increased the surcharge on the lease of certain commercial equipment and created a vehicle title transfer fee. TERP was amended again in 2005 by H.B. 2481, 79th Legislature, Bonnen/Harris. This legislation extended the program and changed the allocation of funds. House Bill 3469, 79th Legislature, Hochberg/Barrientos allowed TERP funds to be used to reduce diesel exhaust emissions from school buses.

The funding for TERP comes from a number of different sources, including fees on the sale or lease of certain vehicles, fees on vehicle title transfers (this is TERP's primary revenue source), and fees on commercial vehicle registration and inspection. Since the program's inception, over $515 million has been collected through these fees. There is a current fund balance of approximately $67 million dollars. During the 2008-2009 biennium, TERP is projected to generate $208.5 million. For more information regarding the revenue stream used to fund TERP and distribution of funds, see Appendix B.

The TCEQ is responsible for administering TERP and awarding grants. Periodically, TCEQ issues a request for projects. The agency has received and reviewed over 2,000 applications for TERP projects and awarded over $336.5 million in grants to over 890 different projects.[12] Through these grants, the amount of NO_X emissions has been reduced by a total of 75,730 tons.

Statute allows TCEQ to provide grants for projects that cost up to $13,000 per ton of NO_X reduction.[13] However, the average cost thus far has been $4,443 to reduce one ton of NO_X.[14] While the initial projects have achieved great NO_X reductions at a relatively low cost per ton, there are limited opportunities to achieve similar results at a similar cost per ton in future projects.

Funds from TERP are also used to fund the New Technology Research and Development Program (NTRD). The purpose of NTRD is to promote the development and commercialization of new technologies that reduce NO_X emissions. Grants from NTRD have been used both to verify that new technology reduces emissions and to research new technology. There have been some concerns expressed that a disproportionate amount of NTRD grants have gone to research rather than verification of new technology. Currently, TCEQ manages 64 NTRD grant projects totaling $20.4 million.[15]

Approximately nine percent of TERP funds are re-directed to NTRD. In Fiscal Year (FY) 2009, under H.B. 2481, 79th Legislature, Bonnen/Harris, the re-directed amount will increase to 33 percent. In addition, a portion of TERP funds will be deposited in the Texas Mobility Fund. The Texas Department of Transportation (TxDOT) will later reimburse the TERP fund an equal amount.[16] In 2011, TxDOT will no longer be required to reimburse TERP and will be able to keep the full amount.

Through H.B. 2481, the 79th Legislature transferred NTRD to the Texas Environmental Research Consortium (TERC) under a contract with TCEQ. The TERC is a private non-profit organization that was created in 2002 to "…facilitate the development of scientific and technical solutions to Texas' air quality challenges…"[17] The Houston Advanced Research Center (a not-for-profit organization) is employed by TERC as the research management organization for NTRD. The TERC receives $9 million a year from the State through NTRD. In 2006, 18 new NTRD projects were approved by TERC. [18]

LOW INCOME VEHICLE REPAIR AND ASSISTANCE PROGRAM

The Low Income Vehicle Repair and Assistance Program (LIRAP) was created in 2001 by the 77th Legislature through passage of H.B. 2134, Chisum/Brown. The purpose of LIRAP is to provide assistance to qualified low-income individuals whose vehicle fails an enhanced state inspection program due to unacceptable levels of NO_X emissions. Participation in LIRAP is voluntary for counties in nonattainment and early compact action areas. Currently, LIRAP participants include counties in DFW and HGB's nonattainment areas, and Austin EAC.[19]

In nonattainment counties, vehicles undergo an additional emissions test as part of the yearly safety inspection to determine the vehicle's NO_X emissions. The State has set an acceptable level of NO_X emissions based on a vehicle's year and model. In the counties that have chosen to participate in LIRAP, there is an additional fee for the emissions test that is used to fund the program.[20] For more information about the revenue stream used to fund LIRAP and the disposition of the fee, see Appendix C.

Through LIRAP, a qualified individual may receive up to $600 for necessary repairs to the vehicle or up to $1000 to replace the vehicle. In order to qualify for a grant, the vehicle must fail the NO_X emissions test and the net family income of the vehicle owner must be at or below 200 percent of the federal poverty level.[21]

Since it's inception in 2001, LIRAP has collected a total of $129.55 million. There is a current fund balance of $80.44 million. During the 79th Legislature, H.B. 1611, Chisum/Armbrister amended the LIRAP legislation to create a subaccount within the Clean Air Account. Unspent LIRAP funds would be deposited in this subaccount, up to $20 million, and would be used to fund programs that improve air quality. These funds have not been appropriated.

The LIRAP program has been greatly underutilized. Since the program's creation, only 24,995 vehicles have been repaired and 1,007 have been replaced. For more information,

see Appendix D. According to TCEQ, in 2009 there will be over 1.8 million vehicles in DFW that are model year 2000 or older (cars older than model year 2000 emit a higher percentage of NO_X than newer cars).[22] Removing these older vehicles from the road could reduce NO_X by 58.8 tons per day. In HGB, there will be close to 1.3 million vehicles that are model year 2000 or older and removing these vehicles could reduce NO_X by 44.49 tons per day.[23]

CONCLUSIONS

Texas has made great strides in meeting federal air quality standards, but the State is in danger of failing to meet EPA's attainment deadline. The State must make better use of the Texas Emissions Reduction Program (TERP) and Low Income Vehicle Repair and Assistance Program (LIRAP).

The TERP has been very successful in achieving NO_X reductions at a low cost per ton, but the cheapest projects have already been completed. In order to meet the federal air quality standards, the State will have to fund projects at a higher cost per ton of NO_X reduction. Increasing the per ton budget would encourage more applicants to apply for grants, especially applicants seeking assistance with construction equipment projects, which have not been as significant as expected under TERP.

While there is a potential benefit to investing in technologies that may prove beneficial in the future -- such as those projects awarded grants under NTRD -- the State must do all it can to reduce NO_X emissions immediately. To maximize our resources and enhance our abilty to meet EPA's deadline, the law should retain the current allocation of 87.5 percent for emission reduction grants and 9.5 percent for NTRD.

As noted earlier, there is a TERP fund balance of $67 million and projected revenue collections for FY 2008-2009 of $345 million. These funds could be used to increase the reach of this successful program.

Unfortunately, LIRAP has not been as successful as TERP. There are great opportunities to reduce NO_X in nonattainment areas through the use of LIRAP, but the program must be restructured to increase participation and strengthen control measures.

There are primarily two explanations for the lack of participation in LIRAP. The program is not adequately marketed. While individuals who fail the inspection are provided information on what to do, the information provided does not adequately advertise the financial assistance available to individuals seeking to repair or replace their vehicle with a cleaner one. In an effort to advise potential grant recipients about the program, it would be beneficial for the State to partner with automobile manufacturers and dealers (that, in turn, would benefit from the increased purchase of new vehicles). Private industry can market the program more effectively than the state, and allowing automobile dealers and manufacturers to incorporate the program in their product marketing would free state funds for program enhancements.

Also, LIRAP's financial incentive for replacing old vehicles is insufficient. Currently, qualified individuals are eligible for a $1000 grant towards the purchase of a new vehicle. Increasing the grant amount would ensure that the replacement vehicle is clean enough to reduce emissions. Furthermore, increasing the threshold for individual qualification in the program (LIRAP is currently limited to individuals at or below 200 percent of the federal poverty level) would broaden the number of eligible applicants and provide incentive to a population who, with a little assistance, are financially able to afford a new car.

Finally, since LIRAP's goal is to get old, dirty cars off the road, partnering with the steel industry and dismantlers to scrap vehicles would ensure that dirty cars are permanently removed from the road.

Like TERP, LIRAP has a significant fund balance (estimated to be $80.44 million). Also, LIRAP revenues for FY 2008-2009 are projected to be $73.3 million. Freeing those funds for program use will support enhancements to LIRAP and related activities.

RECOMMENDATIONS

Texas Emissions Reduction Program

1. Appropriate all TERP fund balances.
2. Encourage TCEQ to increase the cost per ton requirement for TERP grants.
3. Amend the current statute that in 2009 decreases the percentage allocated to the emission reduction grants program to 64 percent of TERP funds and increase the allocation for NTRD to 33 percent. The law should retain the current allocation of 87.5 percent for emission reduction grants and 9.5 percent for NTRD.
4. Amend current statute that in 2011 will transfer TERP funds to the Texas Mobility Fund without requiring TxDOT to reimburse TERP. The law should retain the current requirement that TxDOT reimburse TERP or consider another funding mechanism.
5. If the 8-hour attainment dates for DFW and HGB are extended, then extend the deadline for TERP beyond the current 2010 sunset date to a date consistent with the new attainment dates.
6. Consider providing TCEQ statutory oversight over TERC's administrative expenses.

Low Income Vehicle Repair and Assistance Program

1. Increase the income threshold from 200 percent of the federal poverty level to 300 percent.
2. Appropriate all LIRAP fund balances.
3. Increase the replacement amount from $1,000 to $2,500 and require the owner of a LIRAP-eligible vehicle to replace the vehicle with a calendar year model or newer vehicle.
4. Partner with automobile manufacturers and dealers to market LIRAP and restrict use of state funds for the purpose of marketing.

5. Partner with the steel industry and dismantlers to scrap vehicles that are replaced and to provide proof of scrappage.
6. Direct TCEQ to review emission cut-point levels for NO_X emissions and allow the agency to make LIRAP available to owners of vehicles that do not meet a more stringent emission cut-point standard. This will increase the pool of vehicles eligible for replacement.
7. Allow participating counties to leverage state funds based on local matching dollars to support LIRAP and related activities.
8. Enhance fraud control.

[1] Air Quality Planning Section of the Texas Commission on Environmental Quality, "Air Quality and the State Implementation Plan (SIP): SIP 101," October 25, 2005.
[2] Diane Mazuka, Texas Commission on Environmental Quality, Personal Communication, November 16, 2006.
[3] Id at 1.
[4] Id.
[5] Id.
[6] Diane Mazuka, Texas Commission on Environmental Quality, Personal Communication, October 30, 2006.
[7] David Schanbacher, Testimony before the Senate Committee on Natural Resources, July 13, 2006, Dallas, Texas.
[8] David Schanbacher, Testimony before the Senate Committee on Natural Resources, August 9, 2006, Houston, Texas.
[9] Id at 1.
[10] Id at 8.
[11] Id.
[12] Id.
[13] V.T.A.C., Health and Safety Code, § 386.106.
[14] Id at 8.
[15] Id.
[16] Id.
[17] Bruce Laboon, Testimony before the Senate Committee on Natural Resources, August 9, 2006, Houston, Texas.
[18] Id.
[19] Id at 8.
[20] Id.
[21] Id.
[22]Texas Commission on Environmental Quality, Personal Communication, June 22, 2006.
[23] Id.

Appendix A

Texas Attainment Status by Region

This page contains information on the areas of Texas that are deemed in "nonattainment" or "near nonattainment" of national ambient air quality standards (NAAQS).

What are Texas' nonattainment areas?

Nonattainment areas are areas that have failed to meet federal standards for ambient air quality. Near nonattainment areas currently meet federal standards but are at risk of violating standards.

Texas meets federal air quality standards with the following exceptions: (1) carbon monoxide and particulate matter in El Paso; and (2) eight-hour ground-level ozone in Houston-Galveston-Brazoria, Dallas–Fort Worth, San Antonio, and Beaumont–Port Arthur. Maintenance areas are areas that were once designated in nonattainment of federal standards, but which have since been redesignated in attainment of those standards.

Texas also has three Early Action Compact Areas: Austin, San Antonio, and Northeast Texas. These are areas that have submitted EAC plans which on November 17, 2004 were utilized to develop SIP strategies to reduce emission standards to meet the eight-hour ozone standard by 2007. Please visit the Early Action Compact (EAC) Plans Web page for more information on EACs.

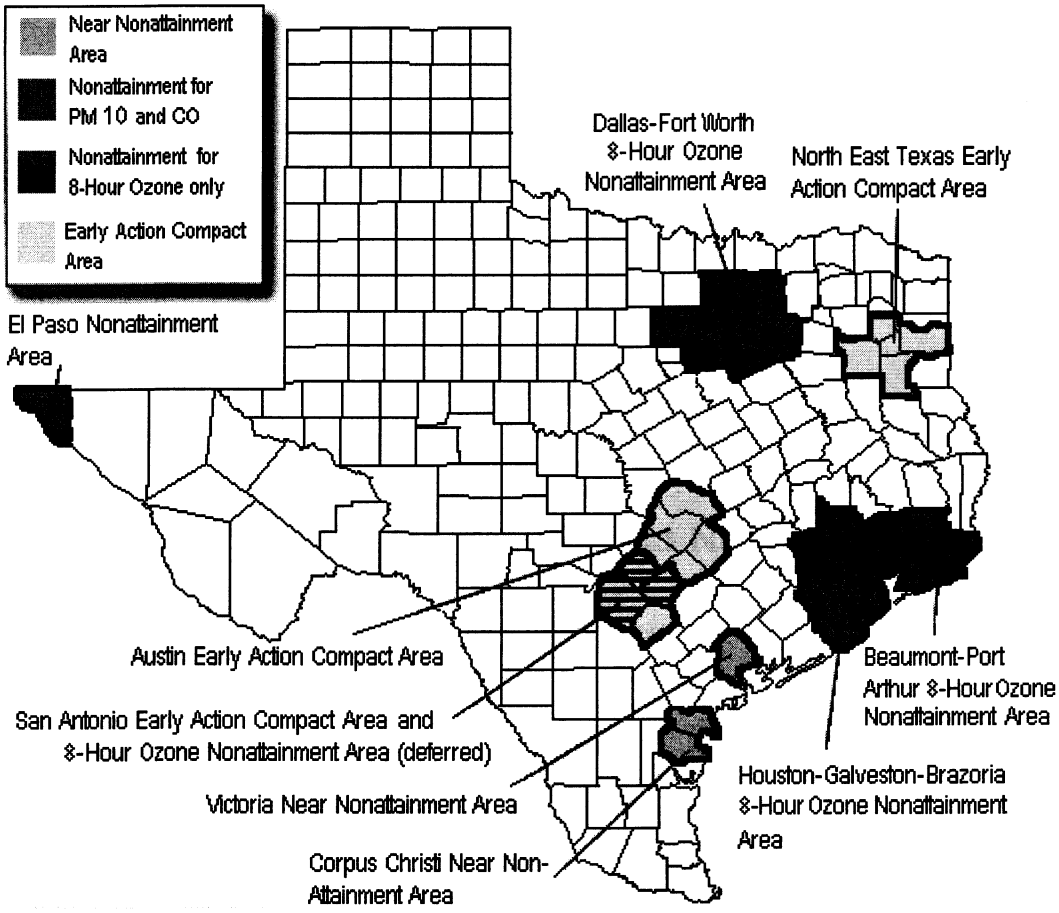
Click on the links below for additional information on each area:

Nonattainment Area	Counties	Classification	Attainment Date
Eight-Hour Ozone Nonattainment Areas			
Houston-Galveston-Brazoria (HGB)	Brazoria Chambers Fort Bend Galveston Harris Liberty Montgomery Waller	Moderate	June 15, 2010
Dallas–Fort Worth (DFW)	Collin Dallas Denton Tarrant Ellis Johnson Kaufman Parker Rockwall	Moderate	June 15, 2010

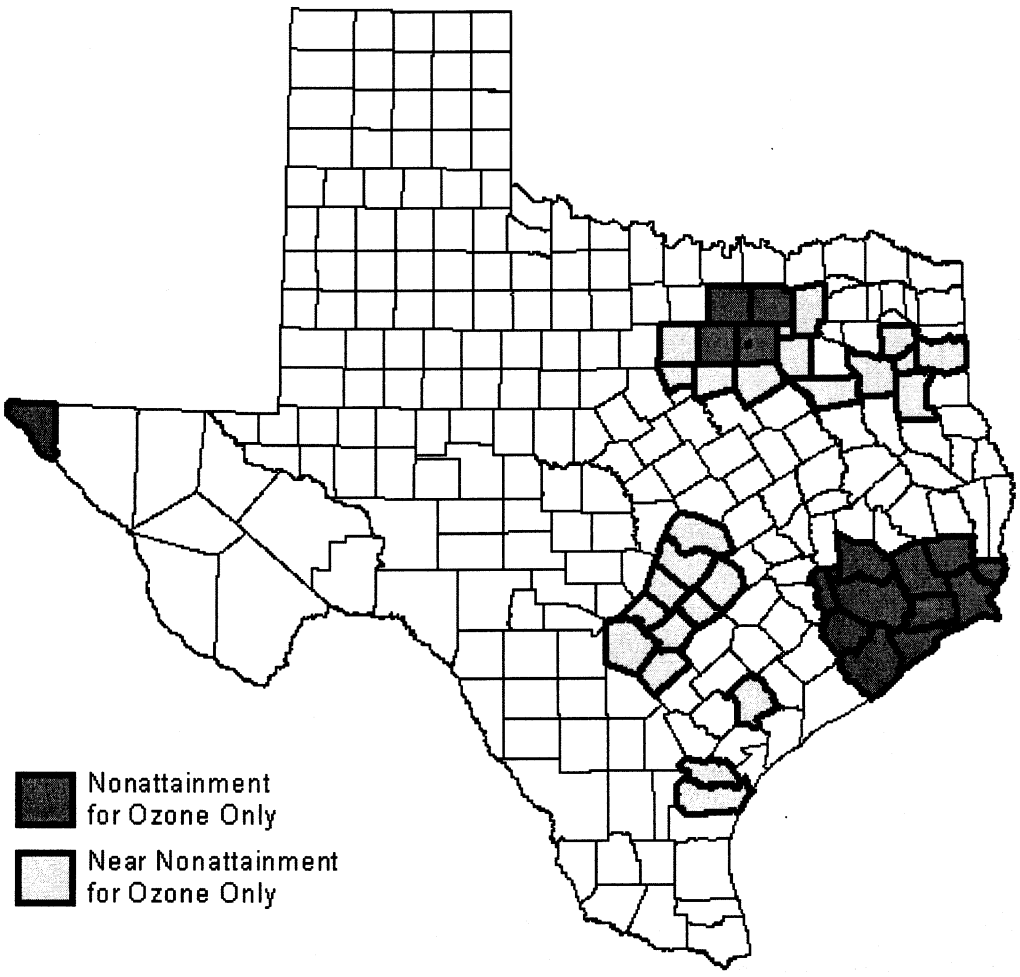
Beaumont–Port Arthur (BPA)	Hardin Jefferson Orange	Marginal	June 15, 2007
San Antonio (SA)	Bexar Comal Guadalupe	Basic (Deferred)	December 31, 2007
Ozone Early Action Compact (EAC) Areas			
Austin–San Marcos (AUS)	Travis Williamson Bastrop Hays Caldwell	Attainment	December 31, 2007
San Antonio (SA)	Bexar Comal Guadalupe Wilson	Basic (Deferred)	December 31, 2007
Northeast Texas (NET)	Rusk Smith Upshur Gregg Harrison	Attainment	December 31, 2007
Carbon Monoxide (CO) Nonattainment Areas			
El Paso (ELP)	El Paso	Moderate	December 31, 1995
Particulate Matter 10 (PM_{10}) Nonattainment Areas			
El Paso (ELP)	El Paso	Moderate	December 31, 1994

Map of Texas' Nonattainment and Near Nonattainment Areas

Click on the map for more information about each area.



TCEQ Nonattainment and Near Nonattainment Areas



Appendix B

TERP FUND REVENUE AND ALLOCATION

27-Oct-2006

REVENUE

COBJ	Description	2002 Amount	2002 Percent	2003 Amount	2003 Percent	2004 Amount	2004 Percent	2005 Amount	2005 Percent
3004	2.5% fee on sale/lease of 1996 & earlier on-road d	3,341,212	16.4%	6,588,855	18.8%	0	0.0%	0	0.0%
3004	2.5% / 1.0% fee on sale/lease of on-road diesel	0	0.0%	0	0.0%	8,505,535	6.0%	12,247,883	8.1%
xxxx	$225 inspection fee vehicles brought into TX	0	0.0%	0	0.0%	0	0.0%	0	0.0%
3012	vehicle title transfer	0	0.0%	6,073,528	17.3%	98,821,625	69.8%	97,318,231	64.4%
3014	10% comm'l vehicle registration surcharge	6,731,067	33.0%	8,601,846	24.5%	8,022,887	5.7%	8,900,303	5.9%
3020	$10 comm'l vehicle inspection surcharge	2,769,994	13.6%	4,089,899	11.6%	4,323,949	3.1%	4,580,918	3.0%
3102	1% fee on sale/lease of off-road diesel	7,553,317	37.0%	9,766,128	27.8%	0	0.0%	0	0.0%
3102	2% fee on sale/lease of off-road diesel	0	0.0%	0	0.0%	21,932,726	15.5%	28,004,181	18.5%
	Fee Subtotal	**20,395,591**		**35,120,256**		**141,606,721**		**151,051,516**	
3851	Interest	182,628		531,931		1,458,161		5,693,207	
TOTAL REVENUE including interest		**20,578,219**		**35,652,187**		**143,064,882**		**156,744,723**	

TERP FUND REVENUE AND ALLOCATION

27-Oct-2006

REVENUE		2006		Estimated 2007		Estimated 2008		Estimated 2009	
COBJ	Description	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
3004	2.5% fee on sale/lease of 1996 & earlier on-road d	0	0.0%	0	0.0%	0	0.0%	0	0.0%
3004	2.5% / 1.0% fee on sale/lease of on-road diesel	14,611,331	8.7%	11,046,000	6.7%	11,424,000	6.7%	11,785,000	6.7%
xxxx	$225 inspection fee vehicles brought into TX	0	0.0%	0	0.0%	0	0.0%	0	0.0%
3012	vehicle title transfer	102,835,154	61.4%	105,206,000	63.8%	108,144,000	63.6%	111,081,000	63.3%
3014	10% comm'l vehicle registration surcharge	9,636,479	5.7%	9,740,000	5.9%	10,068,000	5.9%	10,467,000	6.0%
3020	$10 comm'l vehicle inspection surcharge	4,872,956	2.9%	4,998,000	3.0%	5,207,000	3.1%	5,389,000	3.1%
3102	1% fee on sale/lease of off-road diesel	0	0.0%	0	0.0%	0	0.0%	0	0.0%
3102	2% fee on sale/lease of off-road diesel	35,660,170	21.3%	33,836,000	20.5%	35,310,000	20.8%	36,858,000	21.0%
	Fee Subtotal	**167,616,090**		**164,826,000**		**170,153,000**		**175,580,000**	
3851	Interest	14,515,500		17,442,000		19,375,000		14,000,000	
TOTAL REVENUE including interest		**182,131,590**		**182,268,000**		**189,528,000**		**189,580,000**	

TERP FUND REVENUE AND ALLOCATION

REVENUE

COBJ	Description	Estimated 2010 Amount	Estimated 2010 Percent	Estimated 2011 Amount	Estimated 2011 Percent	Estimated 2012 Amount	Estimated 2012 Percent
3004	2.5% fee on sale/lease of 1996 & earlier on-road d	0	0.0%	0	0.0%	0	0.0%
3004	2.5% / 1.0% fee on sale/lease of on-road diesel	12,163,000	6.7%	1,007,000	1.0%	0	0.0%
xxxx	$225 inspection fee vehicles brought into TX	0	0.0%	0	0.0%	0	0.0%
3012	vehicle title transfer	114,018,000	62.9%	94,734,000	95.8%	97,113,000	100.0%
3014	10% comm'l vehicle registration surcharge	10,947,000	6.0%	0	0.0%	0	0.0%
3020	$10 comm'l vehicle inspection surcharge	5,595,000	3.1%	0	0.0%	0	0.0%
3102	1% fee on sale/lease of off-road diesel	0	0.0%	0	0.0%	0	0.0%
3102	2% fee on sale/lease of off-road diesel	38,492,000	21.2%	3,162,000	3.2%	0	0.0%
	Fee Subtotal	**181,215,000**		**98,903,000**		**97,113,000**	
3851	Interest	10,000,000		7,000,000		5,000,000	
TOTAL REVENUE including interest		**191,215,000**		**105,903,000**		**102,113,000**	

TEXAS EMISSIONS REDUCTION PLAN (TERP), #5071

FISCAL YEAR	REVENUE COLLECTED
2002	$ 20.4 million (actual)
2003	$ 35.1 million (actual)
2004	$141.6 million (actual)
2005	$151.1 million (actual)
2006	$167.6 million (actual)
2007	$164.8 million (estimate)

FISCAL YEAR	APPROPRIATIONS*
2002	$ 20.4 million
2003	$ 35.1 million
2004	$144.0 million
2005	$178.8 million
2006	$129.5 million
2007	$129.5 million

*includes appropriations to various agencies, as well as transfers between the agencies

Appendix C

VEHICLE SAFETY AND INSPECTION & MAINTENANCE TESTS

Safety component totals $12.50. The Texas Automated Vehicle Inspection System or TAVIS fee of $0.25 is assessed in counties that conduct emission testing and $2.00 for those counties that require only a vehicle safety test.

Houston/Galveston/Brazoria and Dallas/Fort Worth areas (14 counties*) - Vehicles 1996 or newer are required to take the OBD (on board diagnostic) test, while the older vehicles take the ASM (accelerated simulation mode).

	SAFTETY/ASM	SAFETY/OBD
DPS	$3.50	$3.50
DPS I/M Administration	$2.00	$2.00
Clean Air Account #151	$2.00	$2.00
TCEQ I/M Administration	$0.50	$0.50
Vehicle ID Database	$0.78	$0.78
LIRAP		$6.00
TAVIS/DPS	$0.25	$0.25
Station Revenue	$30.72	$24.72
TOTAL FEE	**$39.75**	**$39.75**

* Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, Brazoria, Fort Bend, Galveston, Harris and Montgomery.

Travis/Williamson counties: Vehicles 1996 or newer are required to take the OBD (on board diagnostic) test, while the older vehicles take the Two-Speed Idle (TSI). The total cost is $28.50, which includes $2 for LIRAP. Safety component totals $12.50.

	SAFETY/IM
DPS	$3.50
DPS I/M Administration	$2.00
Clean Air Account #151	$2.00
TCEQ I/M Administration	$0.50
Vehicle ID Database	$0.78
LIRAP	$2.00
Station Revenue	$17.72
TAVIS/DPS	$0.25
TOTAL FEE	**$28.75**

LIRAP

COLLECTIONS & APPROPRIATIONS

FY	COLLECTED*	APPROPRIATED	DIFFERENCE
'02	$3.95 million	$3.38 million	$0.57 million
'03	$16.0 million	$13.75 million	$2.25 million
'04	$21 million	$10.49 million	$10.51 million
'05	$26.3 million	$10.49 million	$15.81 million
'06	$29.6 million	$5.5 million	$24.1 million
'07	$32.7 million	$5.5 million	$27.2 million
TOTAL	**$129.55**	**$49.1 million**	**$80.44 million**

Appendix D

LIRAP

EXPENDITURES, ALLOCATIONS, & REPAIRS/REPLACEMENTS

	TCEQ Adm.	County Adm.	Repairs/Replacements	Vehicles Repaired/Replaced
'02	$186,365	$159,881	$0	
'03	$162,365	$679,682	$2,121,642	4,163/222
'04	$162,365	$79,340	$3,770,913	7,296/364
'05	$162,365	$81,693	$3,776,971	7,270/291
'06	$149,285	$879,647	$4,398,235 (est.)	5,971/205 (as of 5/06)
'07	$149,285	$967,612	$4,838,059 (est.)	