



## State of Tennessee

### PUBLIC CHAPTER NO. 423

SENATE BILL NO. 852

By Ketron, Bell, Tracy

Substituted for: House Bill No. 1272

By Matheny, Sargent, Harrison, Haynes, Swann, Hawk, Dean, Eldridge, Littleton, Jernigan, Shepard, Kevin Brooks, Watson, Forgety, Sparks, Moody, Faison, Weaver, Womick

AN ACT to amend Tennessee Code Annotated, Title 4; Title 67 and Title 68, relative to alternative fuel vehicles and fueling infrastructure.

WHEREAS, the United States consumed nearly eighteen million eight hundred thousand (18,800,000) barrels of oil in 2011; and

WHEREAS, forty-five percent (45%) of the oil consumed was imported from other countries; and

WHEREAS, the petroleum market is a global market, and the price of oil is greatly affected by world events; and

WHEREAS, eighty-five percent (85%) of the natural gas consumed in the United States is produced domestically; and

WHEREAS, U.S. natural gas resources are estimated at one trillion seven hundred billion (1,700,000,000) cubic feet, enough to last one hundred (100) years or more; and

WHEREAS, the newly discovered, domestic natural gas reserves have led to low natural gas prices and price stability. Natural gas prices are unaffected by turmoil in the Middle East; and

WHEREAS, the United States leads the world in natural gas production, but lags in the usage of natural gas vehicles; and

WHEREAS, the price of compressed natural gas is nearly half the price of gasoline or diesel; and

WHEREAS, natural gas powers more than one hundred thousand (100,000) vehicles in the United States and roughly eleven million two hundred thousand (11,200,000) vehicles worldwide and is a good power choice for high-mileage fleets, such as buses and taxis, that are centrally fueled or operate within a limited area; and

WHEREAS, the advantages of natural gas as an alternative fuel include its domestic availability, widespread distribution infrastructure, low cost when compared with gasoline and diesel fuels, and clean-burning qualities; and

WHEREAS, the U.S. Department of Energy found that there are two (2) forms of natural gas which may be used in vehicles and are considered alternative fuels under the Energy Policy Act of 1992: compressed natural gases or liquefied natural gases; and

WHEREAS, the Tennessee general assembly finds that energy independence is a worthy public policy goal; now, therefore,

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

SECTION 1. This act shall be known and may be cited as the "Energy Independence Act of 2013."

SECTION 2. Tennessee Code Annotated, Section 4-3-1109, is amended by deleting the section in its entirety and substituting the following:

4-3-1109.

(a) The commissioner shall encourage the acquisition of energy-efficient and alternative fuel motor vehicles in the fleet of state vehicles. Each year, every effort should be made to achieve a target goal that one hundred percent (100%) of newly purchased passenger motor vehicles be energy-efficient or alternative fuel motor vehicles. The department shall ensure that at least twenty-five percent (25%) of newly purchased passenger motor vehicles procured for use in areas designated by the United States environmental protection agency (EPA) as nonattainment areas shall be hybrid-electric vehicles or vehicles powered by natural gas; provided, that such vehicles and fueling infrastructure are available at the time of procurement and such vehicles are purchased at competitive prices. In the event that such vehicles or fueling infrastructure is not available at the time of procurement, the department may instead meet this mandate by procuring compact fuel-efficient vehicles. In areas not designated by the EPA as nonattainment areas, the department shall ensure that at least twenty-five percent (25%) of newly purchased passenger motor vehicles are hybrid-electric vehicles, vehicles powered by natural gas, or compact fuel-efficient vehicles; provided, that such vehicles are purchased at competitive prices.

(b)(1) Commencing June 30, 2013, the commissioner shall compile and maintain information on the nature of passenger motor vehicles that are owned and leased by the state, including, but not limited to:

(A) The number of passenger motor vehicles purchased during the fiscal year categorized by energy-efficiency; and

(B) The number of passenger motor vehicles owned as of June 30 of each year categorized by energy-efficiency.

(2) The commissioner shall file an annual report with the governor and the general assembly concerning such passenger motor vehicles. The report shall include at a minimum:

(A) Problems or concerns the state may have experienced in meeting the target goal set pursuant to subsection (a) relative to obtaining such energy-efficient motor vehicles;

(B) Any savings or increased expenditures to the state in the purchase of, as well as the operation and maintenance cost of, such motor vehicles;

(C) Plans for integrating energy-efficient motor vehicles identified in subdivisions (c)(1)(E) and (G) into the state passenger motor vehicle fleet;

(D) The volume of gasoline or diesel displaced by the usage of energy-efficient or alternative fuel vehicles; and

(E) The emissions reduction achieved by the usage of energy-efficient or alternative fuel vehicles.

(3) The information compiled and maintained pursuant to subdivisions (b)(1) and (2) shall be made accessible to the public on the department's website through a prominent link provided on the home page. In addition, the department shall submit an annual report containing the information compiled and maintained pursuant to subdivisions (b)(1) and (2) to the speaker of the senate and the speaker of the house of representatives and to the chairs of the committees concerning government operations and to the chair of the energy, agriculture and natural resources committee of the senate and the chair of the agriculture and natural resources committee of the house of representatives.

(c) For purposes of this section unless the context otherwise requires:

(1) "Energy-efficient motor vehicle" means a passenger motor vehicle that is:

(A) An alternative fuel vehicle as defined by the Energy Policy Act of 1992 (P.L. 102-486);

(B) A flexible fuel vehicle (FFV) utilizing ethanol, biodiesel, or any other commercially available alternative fuel approved by the United States department of energy;

(C) A hybrid-electric vehicle (HEV);

(D) A compact fuel-efficient vehicle, defined as a vehicle powered by unleaded gasoline that has a United States EPA estimated highway gasoline mileage rating of at least twenty-five miles per gallon (25 mpg) or greater for the model year purchased;

(E) An electric vehicle (EV);

(F) A vehicle powered by natural gas; or

(G) A vehicle powered by ultra low sulfur diesel fuel that meets Bin 5, Tier II emission standards mandated by the EPA and that has an EPA-estimated highway mileage rating of at least thirty miles per gallon (30 mpg) or greater for the model year purchased; and

(2) "Passenger motor vehicle" means a motor vehicle designed for carrying six (6) or fewer adult passengers and used for the transportation of persons; provided, that vans, including cargo vans, trucks, sport utility vehicles, and police pursuit vehicles shall not be considered passenger motor vehicles.

(d) For purchases of vehicles that are not passenger motor vehicles, including cargo vans, trucks, and sport utility vehicles, the department is encouraged to make reasonable efforts to achieve a target goal that at least five percent (5%) of newly purchased vehicles are vehicles powered by natural gas, provided that such vehicles and fueling infrastructure are available at the time of procurement and such vehicles are purchased at competitive prices.

(e) In order to facilitate the development of natural gas fueling infrastructure, the department is authorized to participate in such pilot projects as may be necessary to insure the availability of natural gas fueling infrastructure throughout the interstate highway corridors in Tennessee.

SECTION 3. Tennessee Code Annotated, Section 4-22-101(b), is amended by inserting the following language after "hybrid electric vehicles": ", natural gas vehicles".

SECTION 4. Tennessee Code Annotated, Section 67-5-601, is amended by adding the following as a new, appropriately designated subsection:

(f) The general assembly finds that any public utility property or commercial and industrial property that is used to engage in the fueling of natural gas vehicles and that is a certified alternative fueling site as described in the definition of "certified green energy production facility" in § 67-4-2004, is generally capable of fueling fewer types of vehicles due to limited availability from original equipment manufacturers, that use of such alternative, domestically produced transportation fuels should be encouraged to improve air quality and to enhance our nation's energy security, and immediate economic value for all purposes under this chapter should not initially exceed thirty percent (30%) of its total installed costs. The general assembly further finds that, unless the findings are considered in the determination of the sound, intrinsic, and immediate economic value of such property for all purposes under this chapter, investment in property for fueling alternative fuel vehicles will be unreasonably discouraged, denying the citizens of this state the environmental benefits and domestic energy security associated with the use of natural gas as a transportation fuel. The assessor of property, in assessing any such commercial and industrial property, or the comptroller, in assessing any such public utility property, that engages in the fueling of motor vehicles with natural gas, shall take these findings by the general assembly into account in determining the sound, intrinsic, and immediate economic value of such property, when the property is initially appraised and each time the property is reappraised. A copy of the facility certification issued by the department of environment and conservation shall be required in order to qualify for such valuation. The valuation of personal property under this section shall also apply to machinery and equipment utilized in a natural gas vehicle fueling station. Such equipment shall include, but not be limited to: storage vessels, compressors, dryers, dispensers, piping, compressed or liquefied gas appliances, or any other item that is installed by a natural gas provider.

SECTION 5. Tennessee Code Annotated, Section 67-4-2004(9), is amended by deleting the subsection in its entirety and replacing with the following language:

(9) "Certified green energy production facility" means:

(A) A facility certified by the department of environment and conservation as producing electricity for use and consumption off the premises using clean energy technology. For the purposes of this subdivision (9)(A), clean energy technology means technology used to generate energy from geothermal, hydrogen, solar, and wind sources;

(B) A facility certified by the department of environment and conservation as an alternative motor vehicle fueling station that utilizes natural gas in compressed or liquid form for the purpose of fueling motor vehicles and that is projected to displace more than six thousand (6,000) gallons of petroleum annually; or

(C) A facility which utilizes natural gas in a combined heat and power configuration (CHP) for production of heat and electricity for consumption onsite.

SECTION 6. Tennessee Code Annotated, Section 4-22-101, is amended by deleting the term "fuel-efficient" wherever it appears in the section and substituting the term "energy-efficient motor vehicle", and by deleting subsection (d) and substituting the following:

(d) For purposes of this section:

(1) "Motor vehicle" means a self-propelled vehicle licensed for highway use; and

(2) "Energy-efficient motor vehicle" means a passenger motor vehicle that is:

(A) An alternative fuel vehicle as defined by the Energy Policy Act of 1992 (P.L. 102-486);

(B) A flexible fuel vehicle (FFV) utilizing ethanol, biodiesel, or any other commercially available alternative fuel approved by the United States department of energy;

(C) A hybrid-electric vehicle (HEV);

(D) A compact fuel-efficient vehicle, defined as a vehicle powered by unleaded gasoline that has a United States EPA estimated highway gasoline mileage rating of at least twenty-five miles per gallon (25 mpg) or greater for the model year purchased;

(E) An electric vehicle (EV);

(F) A vehicle powered by natural gas; or

(G) A vehicle powered by ultra low sulfur diesel fuel that meets Bin 5, Tier II emission standards mandated by the EPA and that has an EPA-estimated highway mileage rating of at least thirty miles per gallon (30 mpg) or greater for the model year purchased.

SECTION 7. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 8. This act shall take effect upon becoming a law, the public welfare requiring it.

SENATE BILL NO. 852

PASSED: April 18, 2013



RON RAMSEY  
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 16<sup>th</sup> day of May 2013



BILL HASLAM, GOVERNOR