

**U.S. Department of Energy - Energy Efficiency and Renewable Energy  
Alternative Fuels and Advanced Vehicles Data Center**

## **Texas Incentives and Laws for Propane (LPG)**

The list below contains summaries of all Texas incentives and laws related to Propane (LPG).

### **State Incentives**

#### **Alternative Fueling Infrastructure Grants**

Effective September 1, 2011, the Texas Commission on Environmental Quality will establish and administer the Alternative Fueling Facilities Program, part of the Texas Emissions Reduction Plan, which provides grants for 50% of eligible costs, up to \$500,000, to construct, reconstruct, or acquire a facility to store, compress, or dispense alternative fuels in Texas air quality nonattainment areas. Qualified alternative fuels include electricity, natural gas, hydrogen, propane, and fuel mixtures containing at least 85% methanol (M85). The entity receiving the grant must agree to make the fueling station available to people and organizations not associated with the grantee during certain times. Additional terms and conditions apply. This program ends August 31, 2018. (Reference [Senate Bill 20](#), 2011, and [Texas Statutes](#), Health and Safety Code 394)

#### **Clean Vehicle and Infrastructure Grants**

The Texas Commission on Environmental Quality administers the [Emissions Reduction Incentive Grants \(ERIG\) Program](#), part of the Texas Emissions Reduction Plan, which provides grants for various types of clean air projects to improve air quality in the state's nonattainment areas. Eligible projects include those that involve heavy-duty vehicle replacement, retrofit, or repower; alternative fuel dispensing infrastructure; idle reduction and electrification infrastructure; and alternative fuel use. As of July 2011, the latest ERIG application period has closed. (Reference [Texas Statutes](#), Health and Safety Code 386)

#### **Alternative Fuel and Advanced Vehicle Research and Development Grants**

The Texas Council on Environmental Quality administers the [New Technology Research and Development \(NTRD\) Program](#), part of the Texas Emissions Reduction Plan, which provides grants for alternative fuel and advanced technology demonstration and infrastructure projects to encourage and support research, development, and commercialization of technologies that reduce pollution. As of July 2011, the latest NTRD grant application period has closed. (Reference [Texas Statutes](#), Health and Safety Code 387)

#### **Clean Fleet Grants**

The Texas Commission on Environmental Quality (TCEQ) administers the [Texas Clean Fleet Program](#), part of the Texas Emissions Reduction Plan, which encourages owners of fleets containing diesel vehicles to permanently remove the vehicles from the road and replace them with alternative fuel vehicles (AFVs) or hybrid electric vehicles (HEVs). Grants are available to fleets to offset the incremental cost of such replacement projects. An entity that operates a fleet of at least 100 vehicles and places 25 or more qualifying vehicles in service for use entirely in Texas during a given calendar year may be eligible for grant. Qualifying AFV or HEV replacements must reduce emissions of nitrogen oxides or other pollutants by at least 25% as compared to baseline levels and must replace vehicles that meet operational and fuel usage requirements. Neighborhood electric vehicles do not qualify. This program ends August 31, 2017. As of July 2011, the latest grant application period has closed. (Reference [Texas Statutes](#), Health and Safety Code 391)

#### **Propane Vehicle Replacement Grants**

The Railroad Commission of Texas, Alternative Energy Division's [Low Emissions Propane Equipment Initiative Program](#) offers grants to buyers who wish to replace aging medium-duty diesel school bus or delivery vehicles with qualified propane vehicles that meet or exceed current U.S. Environmental Protection Agency (EPA) emissions standards. The grant amount is dependent upon the calculated emissions reductions. The Alternative Energy Division also offers incentives to buyers who wish to replace aging internal combustion forklifts with new propane forklifts that meet or exceed 2008 EPA emissions standards.

**Point of Contact**

Heather Ball  
Marketing and Public Education Director  
Railroad Commission of Texas, Alternative Energy Division  
Phone: (512) 463-7359 or (800) 64-CLEAR  
Fax: (512) 463-7292  
[heather.ball@rrc.state.tx.us](mailto:heather.ball@rrc.state.tx.us)

**Propane Vehicle Training**

The Railroad Commission of Texas, Alternative Energy Division, offers free safety and maintenance training on propane vehicles, buses, and forklifts.

**Point of Contact**

Franz Hofmann  
Lead Automotive Instructor  
Railroad Commission of Texas, Alternative Energy Division  
Phone: (512) 463-8501  
Fax: (512) 475-2532  
[franz.hofmann@rrc.state.tx.us](mailto:franz.hofmann@rrc.state.tx.us)

**Laws and Regulations****Alternative Fuel Use and Vehicle Acquisition Requirements**

State agency fleets with more than 15 vehicles, excluding emergency and law enforcement vehicles, may not purchase or lease a motor vehicle unless the vehicle uses compressed or liquefied natural gas, propane, ethanol or fuel blends of at least 85% ethanol (E85), methanol or fuel blends of at least 85% methanol (M85), biodiesel or fuel blends of at least 20% biodiesel (B20), or electricity including plug-in hybrid electric vehicles. Waivers may be granted for fleets under the following circumstances: 1) the fleet will operate primarily in areas where neither the state agency or a supplier can reasonably be expected to establish adequate fueling infrastructure for these fuels, or 2) the agency is unable to obtain equipment or fueling facilities necessary to operate alternative fuel vehicles at a cost that is no greater than the net costs of using conventional fuels.

Covered state agency fleets must consist of at least 50% of vehicles that are able to operate on alternative fuels and use these fuels at least 80% of the time the vehicles are driven. Covered state agencies may meet these requirements through the purchase of new vehicles or the conversion of existing vehicles. State agencies that purchase passenger vehicles or other ground transportation vehicles for general use must ensure that at least 25% of the vehicles purchased during any state fiscal biennium, other than exempted vehicles, meet or exceed federal Tier II, Bin 3 emissions standards.

(Reference [Texas Statutes](#), Government Code 2158.004-2158.009)

**Propane Tax**

Motor fuel taxes for propane used in vehicles are collected through an annual sticker permit fee based on the vehicles' registered gross vehicle weight rating and the number of miles driven the previous year. (Reference [Texas Statutes](#), Tax Code 162.305)

**Propane and Natural Gas Safety**

The Railroad Commission of Texas regulates the safety of the natural gas and propane industries. (Reference [Texas Statutes](#), Natural Resources Code 113.011 and 116.011)