

PLEASE NOTE: In most BUT NOT ALL instances, the page and line numbering of bills on this web site correspond to the page and line numbering of the official printed version of the bills.

Senate Engrossed

State of Arizona
Senate
Forty-sixth Legislature
First Regular Session
2003

SENATE BILL 1191

AN ACT

AMENDING SECTIONS 49-411 AND 49-542.05, ARIZONA REVISED STATUTES; RELATING TO ANNUAL EMISSIONS INSPECTIONS OF MOTOR VEHICLES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 49-411, Arizona Revised Statutes, is amended to
3 read:

4 49-411. Arizona clean air fund; purposes; penalties; report;
5 definition

6 A. The Arizona clean air fund is established consisting of the
7 following:

8 1. Monies appropriated by the legislature.

9 2. Any monies that are appropriated to state agencies for alternative
10 fuel vehicles or conversion of conventional vehicles to operate on
11 alternative fuels and that have not been spent by the state agency at the end
12 of each fiscal year.

13 3. Monies collected pursuant to SECTION 49-542.05, SUBSECTION B AND
14 section 49-543, subsection B, except that beginning on January 1, 2001 until
15 the contract entered into pursuant to section 49-545 and in effect on April
16 28, 2000 expires, the department shall deposit, pursuant to sections 35-146
17 and 35-147, sixteen dollars eighty-one cents of the fee collected pursuant to
18 SECTION 49-542.05, SUBSECTION B AND section 49-543, subsection B in area A as
19 defined in section 49-541 and two dollars fifty-one cents of the fee
20 collected pursuant to SECTION 49-542.05, SUBSECTION B AND section 49-543,
21 subsection B in area B as defined in section 49-541 in the emissions
22 inspection fund established by section 49-544 for the purpose of reducing the
23 emissions inspection fees prescribed pursuant to section 49-543, subsection
24 A.

25 4. Monies from the state lottery fund pursuant to section 5-522,
26 subsection A, paragraph 4.

27 5. Monies deposited pursuant to sections 28-737, 28-876, 28-2416,
28 43-1086 and 43-1174.

29 6. Any other monies received through gifts, grants and donations.

30 B. The director shall administer the fund.

31 C. Monies in the fund may be used for administrative costs incurred by
32 the department in administering the programs prescribed by this section.
33 Except as provided in subsections D and G of this section, the department
34 shall use fifty per cent of the monies deposited in the fund in fiscal year
35 2000-2001 to provide grants to persons for purchasing alternative fuel
36 vehicles, converting conventionally fueled vehicles to operate on an
37 alternative fuel or retrofitting alternative fuel vehicles.

38 D. Neighborhood electric vehicles as defined in section 43-1086 are
39 not eligible for grants pursuant to subsection C of this section. A grant
40 provided pursuant to subsection C of this section for the purchase of an
41 alternative fuel vehicle or the conversion of a conventionally fueled vehicle
42 to operate on alternative fuel shall be in an amount that is equal to the
43 amount of the tax credit prescribed in section 43-1086, subsection B or
44 43-1174, subsection B. The department of environmental quality shall
45 promptly notify the department of revenue of persons who have received a

1 grant pursuant to subsection C of this section and the amount of the grant.
2 If monies are not available for grants to persons pursuant to subsection C of
3 this section, the department of environmental quality shall provide the
4 eligible person with an affidavit stating that monies are not available in
5 the fund for grants, that the person would qualify for a grant if monies were
6 available in the fund and that the person is eligible for a tax credit
7 pursuant to section 43-1086 or 43-1174. The department shall not provide
8 grants pursuant to subsection C of this section in a calendar year after the
9 month in which the motor vehicle division reports to the department as
10 provided in section 43-1086 that the number of new alternative fuel vehicles,
11 excluding neighborhood electric vehicles, vehicles registered pursuant to
12 section 28-2511 and commercial vehicles, newly registered in this state in
13 the current calendar year exceeds one per cent of the total number of motor
14 vehicles registered in this state in the previous calendar year. If grants
15 are not provided in a calendar year based on a motor vehicle division report
16 pursuant to section 43-1086, the restriction only applies to the remainder of
17 that calendar year. If a person who applies for a grant pursuant to
18 subsection C of this section submits a purchase order and proof of at least a
19 ten per cent down payment on an alternative fuel vehicle, conversion or
20 retrofit or a bill of sale for an alternative fuel vehicle, conversion or
21 retrofit at the time of application, the department shall secure monies for a
22 grant for that person until the person completes the transaction if the
23 transaction is completed within one year. In order to qualify for a grant
24 pursuant to subsection C of this section or a tax credit pursuant to section
25 43-1086 or 43-1174, a person shall apply for a grant pursuant to subsection C
26 of this section no later than one year after the person purchases, converts
27 or retrofits an alternative fuel vehicle.

28 E. No later than June 30, 2003, the department shall use monies in the
29 fund to provide grants for up to seventy-five per cent of the reasonable
30 costs of natural gas delivery systems. The department shall review and
31 determine the reasonableness of the costs of the delivery systems in
32 determining the amounts and recipients of the grants. These grants shall be
33 provided to private entities to install and operate natural gas delivery
34 systems that are accessible to the general public at the private entities'
35 existing motor vehicle fueling stations. These grants shall be provided for
36 not more than five natural gas delivery systems in area A as defined in
37 section 49-541, not more than two natural gas delivery systems in area B as
38 defined in section 49-541 and one natural gas delivery system in Casa
39 Grande. A recipient of a grant pursuant to this subsection shall not charge
40 for natural gas provided from a delivery system installed and operated under
41 the grant more than the following amounts over the recipient's cost of the
42 natural gas:

- 43 1. Fifteen cents per gallon to cover the cost of compression,
44 including electricity, maintenance and wear and tear.
- 45 2. An additional fifteen cents per gallon as profit.

1 F. If a grant is awarded pursuant to this section for a natural gas
2 delivery system located at a fueling station, the price of the alternative
3 fuel sold shall be included on the standardized sign that contains the price
4 of other fuels sold at the fueling station. The department shall design
5 these signs, including the alternative fuel logo for these signs.
6 Notwithstanding any other law and because the legislature finds it a matter
7 of statewide concern, these signs shall be uniform throughout the state and
8 local ordinances, rules or laws are preempted for design, placement, size,
9 type and height.

10 G. Except as provided in subsections E, H, I and J of this section,
11 the department shall not provide grants or affidavits to any person who
12 enters into a contract or signs a purchase order for any of the following on
13 or after October 20, 2000:

14 1. The purchase of an alternative fuel vehicle as defined in section
15 43-1086.

16 2. The conversion of a conventionally fueled vehicle to operate on an
17 alternative fuel.

18 3. The retrofitting of an alternative fuel vehicle.

19 4. The purchase and installation of an alternative fuel delivery
20 system for use on an individual's, small business' or nonprofit corporation's
21 property in this state.

22 5. Alternative fuel delivery system construction or modification.

23 H. The department shall award grants for the conversion of diesel
24 vehicles to operate on alternative fuel if all of the following conditions
25 are met:

26 1. The vehicle has a gross vehicle weight rating of at least nineteen
27 thousand five hundred pounds.

28 2. The vehicle is not a recreational vehicle as defined in section
29 28-3102.

30 3. The vehicle is registered in this state.

31 4. The grant recipient signs a statement, under penalty of perjury,
32 that it is the recipient's intent that the vehicle will be registered in this
33 state for at least three years from the date the vehicle is registered as an
34 alternative fuel vehicle and that the recipient intends to operate the
35 vehicle more than fifty per cent of the time in area A as defined in section
36 49-541 or area B as defined in section 49-541.

37 5. No income tax credit can be claimed for the vehicle pursuant to
38 section 43-1086 or 43-1174.

39 6. The vehicle is subject to section 28-4032, subsection A.

40 I. Grants shall be awarded pursuant to subsection H of this section in
41 an amount equal to the lesser of the following:

42 1. The cost of conversion.

43 2. Thirty thousand dollars.

44 J. Each fiscal year the aggregate total of grants awarded pursuant to
45 subsections H and I of this section shall not exceed six million five hundred

1 thousand dollars. If an applicant meets the eligibility requirements
2 prescribed in subsection H of this section and the conversion of a diesel
3 fuel vehicle is documented by a contract or purchase order entered into by
4 the applicant, the department shall award grants pursuant to subsections H
5 and I of this section in the order of the date of the contract or purchase
6 order entered into by the applicant. If there is a situation in which
7 applicants have contracts or purchase orders with the same date and the grant
8 money is insufficient to provide grants to all of the applicants, grants
9 recipients shall be determined by a random selection method as prescribed in
10 rules. The department shall prepare and make available a form for applicants
11 who intend to apply for a grant.

12 K. Notwithstanding subsection H, paragraph 6 of this section, the
13 director may award grants pursuant to subsections H, I and J of this section
14 for the conversion of school buses and municipal vehicles that otherwise meet
15 the requirements of subsection H of this section.

16 L. Any person who violates the requirements of subsection H of this
17 section is subject to a civil penalty that equals the amount of the grant
18 received for the vehicle that is the subject of the violation plus one
19 thousand dollars. The attorney general shall enforce this subsection.

20 M. The director shall report annually to the legislature on the status
21 of the Arizona clean air fund including a report on the expenditures from the
22 fund pursuant to this section. The report shall be submitted to the
23 president of the senate and the speaker of the house of representatives no
24 later than September 1 of each year.

25 N. Monies in the Arizona clean air fund are exempt from the provisions
26 of section 35-190 relating to the lapsing of appropriations. On notice from
27 the department, the state treasurer shall invest and divest monies in the
28 fund as provided by section 35-313, and monies earned from investment shall
29 be credited to the fund.

30 O. For purposes of this section, "natural gas delivery system" means
31 any facility that provides for the fueling of compressed natural gas or
32 liquefied natural gas vehicles.

33 Sec. 2. Section 49-542.05, Arizona Revised Statutes, is amended to
34 read:

35 49-542.05. Alternative fuel vehicles

36 A. EXCEPT FOR A VEHICLE FUELED BY HYDROGEN, THE FOLLOWING APPLY:

37 1. EACH ORIGINAL EQUIPMENT MANUFACTURED ALTERNATIVE FUEL VEHICLE THAT
38 IS REGISTERED IN OR USED TO COMMUTE INTO AREA A OR AREA B PURSUANT TO SECTION
39 49-542, SUBSECTION A IS SUBJECT TO THE EMISSIONS INSPECTION REQUIREMENTS
40 PRESCRIBED IN THIS ARTICLE INCLUDING SUBSECTION B OF THIS SECTION.

41 2. Each alternative fuel vehicle, ~~except for vehicles fueled by~~
42 ~~hydrogen, as defined in section 43-1086~~ THAT IS NOT AN ORIGINAL EQUIPMENT
43 MANUFACTURED ALTERNATIVE FUEL VEHICLE AND that is registered in or used to
44 commute into area A or area B pursuant to section 49-542, subsection A is
45 subject to the emissions inspection requirements prescribed in this article

1 ~~and~~ EXCEPT THAT THE PROVISIONS OF SECTION 49-543, SUBSECTION B DO NOT APPLY.
2 AN ALTERNATIVE FUEL VEHICLE PRESCRIBED BY THIS PARAGRAPH shall be tested
3 before the vehicle is registered in this state as an alternative fuel vehicle
4 both while operating on gasoline and while operating on alternative fuel, if
5 applicable. In subsequent years, the vehicle shall be tested both while
6 operating on gasoline and while operating on alternative fuel, if applicable,
7 pursuant to the requirements of section 49-542.

8 B. EXCEPT AS PROVIDED IN SUBSECTION A, PARAGRAPH 2 OF THIS SECTION,
9 FOR ALL EMISSIONS INSPECTIONS BEFORE THE FOURTH REGISTRATION YEAR AFTER
10 PURCHASE OR LEASE OF A NEW ORIGINAL EQUIPMENT MANUFACTURED ALTERNATIVE FUEL
11 VEHICLE, THE OWNER OF THE VEHICLE SHALL DO ONE OF THE FOLLOWING:

12 1. HAVE THE VEHICLE INSPECTED PURSUANT TO THIS ARTICLE.

13 2. PAY A TWENTY-FIVE DOLLAR FEE IN AREA A AND A NINE DOLLAR FEE IN
14 AREA B. THE OWNER SHALL PAY THIS FEE TOGETHER WITH THE REGISTRATION FEE FOR
15 THE VEHICLE TO THE REGISTERING OFFICER. THE REGISTERING OFFICER SHALL
16 DEPOSIT, PURSUANT TO SECTIONS 35-146 AND 35-147, THESE FEES IN THE ARIZONA
17 CLEAN AIR FUND ESTABLISHED BY SECTION 49-411. THE REGISTERING OFFICER MAY
18 ENTER INTO AN INTERGOVERNMENTAL AGREEMENT WITH ANOTHER DEPARTMENT OF THIS
19 STATE TO COLLECT AND DEPOSIT THE FEE. AN OWNER WHO CHOOSES TO HAVE AN
20 EMISSIONS INSPECTION PURSUANT TO THIS ARTICLE IS NOT REQUIRED TO PAY THE FEE
21 PRESCRIBED IN THIS PARAGRAPH FOR THAT EMISSIONS TEST CYCLE.

22 C. EXCEPT AS PROVIDED IN SUBSECTION A, PARAGRAPH 2 OF THIS SECTION,
23 THE REGISTRATION RENEWAL NOTICE REQUIRED FOR THE SECOND AND THIRD
24 REGISTRATION YEAR OF A NEW ORIGINAL EQUIPMENT MANUFACTURED ALTERNATIVE FUEL
25 VEHICLE SHALL INCLUDE A NOTICE TO THE VEHICLE OWNER THAT EVEN THOUGH AN
26 EMISSIONS INSPECTION TEST IS NOT REQUIRED PURSUANT TO SUBSECTION B OF THIS
27 SECTION THE OWNER MAY CHOOSE TO HAVE AN EMISSIONS INSPECTION BECAUSE OF
28 VEHICLE EMISSIONS PERFORMANCE WARRANTY LIMITATIONS ON EMISSIONS COMPONENTS OF
29 THE VEHICLE.

30 ~~B-~~ D. The department of environmental quality shall compile and
31 maintain data regarding the results of emissions inspections of all
32 alternative fuel vehicles pursuant to this article.