

AN ACT

To amend sections 122.075, 125.831, 125.832, and 4511.101, to enact sections 122.861, 125.834, 125.836, 125.837, 125.838, and 5735.40 of the Revised Code and to amend Section 203.99.45 of Am. Sub. H.B. 66 of the 126th General Assembly and to amend Section 203.99 of Am. Sub. H.B. 66 of the 126th General Assembly as amended by Am. Sub. S.B. 236 of the 126th General Assembly to create diesel emissions reduction grant and revolving loan programs, to revise the alternative fuel transportation grant program, to establish certain requirements related to the use of alternative fuels, and to make an appropriation.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 122.075, 125.831, 125.832, and 4511.101 be amended and sections 122.861, 125.834, 125.836, 125.837, 125.838, and 5735.40 of the Revised Code be enacted to read as follows:

Sec. 122.075. (A) As used in this section:

(1) "Alternative fuel" means blended biodiesel or blended gasoline.

(2) "Biodiesel" means a mono-alkyl ester combustible liquid fuel that is derived from vegetable oils or animal fats, or any combination of those reagents, and that meets American society for testing and materials specification D6751-03a for biodiesel fuel (B100) blend stock distillate fuels.

(3) "Diesel fuel" and "gasoline" have the same meanings as in section 5735.01 of the Revised Code.

(4) "Ethanol" has the same meaning as in section 5733.46 of the Revised Code.

(5) "Blended biodiesel" means diesel fuel containing at least twenty per cent biodiesel by volume.

(6) "Blended gasoline" means gasoline containing at least eighty-five per cent ethanol by volume.

(7) "Incremental cost" means either of the following:

(a) The difference in cost between blended gasoline and gasoline containing ten per cent or less ethanol at the time that the blended gasoline is purchased;

(b) The difference in cost between blended biodiesel and diesel fuel containing two per cent or less biodiesel at the time that the blended biodiesel is purchased.

(B) For the purpose of improving the air quality in this state, the director of development shall establish an alternative fuel transportation grant program under which the director may make grants to businesses, nonprofit organizations, public school systems, or local governments for the purchase and installation of alternative fuel refueling or distribution facilities and terminals, for the purchase and use of alternative fuel, and to pay the costs of educational and promotional materials and activities intended for prospective alternative fuel consumers, fuel marketers, and others in order to increase the availability and use of alternative fuel.

(C) The director, in consultation with the director of agriculture, shall adopt rules in accordance with Chapter 119. of the Revised Code that are necessary for the administration of the alternative fuel transportation grant program. The rules shall establish at least all of the following:

(1) An application form and procedures governing the application process for a grant under the program;

(2) A procedure for prioritizing the award of grants under the program; The procedures shall give preference to all of the following:

(a) Publicly accessible refueling facilities;

(b) Entities seeking grants that have secured funding from other sources, including, but not limited to, private or federal grants;

(c) Entities that have presented compelling evidence of demand in the market in which the facilities or terminals will be located;

(d) Entities that have committed to utilizing purchased or installed facilities or terminals for the greatest number of years;

(e) Entities that will be purchasing or installing facilities or terminals for both blended biodiesel and blended gasoline.

(3) A requirement that the maximum grant for the purchase and installation of an alternative fuel refueling or distribution facility or terminal be ~~no more than fifty~~ eighty per cent of the cost of the facility or terminal, except that at least twenty per cent of the total net cost of the facility or terminal shall be incurred by the grant recipient and not compensated for by any other source;

(4) A requirement that the maximum grant for the purchase of

alternative fuel be ~~no more than fifty~~ eighty per cent of the incremental cost of the fuel;

(5) Any other criteria, procedures, or guidelines that the director determines are necessary to administer the program.

(D) An applicant for a grant under this section that sells motor vehicle fuel at retail shall agree that if the applicant receives a grant, the applicant will report to the director the gallon amounts of blended gasoline and blended biodiesel the applicant sells at retail in this state for a period of three years after the grant is awarded.

The director shall enter into a written confidentiality agreement with the applicant regarding the gallon amounts sold as described in this division, and upon execution of the agreement this information is not a public record.

(E) There is hereby created in the state treasury the alternative fuel transportation grant fund. The fund shall consist of money transferred to the fund under division (C) of section 125.836 of the Revised Code, money that is appropriated to it by the general assembly, and money as may be specified by the general assembly from the energy efficiency revolving loan fund created by section 4928.61 of the Revised Code. Money in the fund shall be used to make grants under the alternative fuel transportation grant program and by the director in the administration of that program.

Sec. 122.861. (A) As used in this section:

(1) "Certified engine configuration" means a new, rebuilt, or remanufactured engine configuration that satisfies divisions (A)(1)(a) and (b) and, if applicable, division (A)(1)(c) of this section:

(a) It has been certified by the administrator of the United States environmental protection agency or the California air resources board.

(b) It meets or is rebuilt or remanufactured to a more stringent set of engine emission standards than when originally manufactured, as determined pursuant to Subtitle G of Title VII of the Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 838, et seq.

(c) In the case of a certified engine configuration involving the replacement of an existing engine, an engine configuration that replaced an engine that was removed from the vehicle and returned to the supplier for remanufacturing to a more stringent set of engine emissions standards or for scrappage.

(2) "Section 793" means section 793 of the Energy Policy Act of 2005, Pub. L. No. 109-58, 119 Stat. 841, et seq.

(3) "Verified technology" means a pollution control technology, including a retrofit technology, advanced truckstop electrification system, or auxiliary power unit, that has been verified by the administrator of the

United States environmental protection agency or the California air resources board.

(B) For the purpose of reducing emissions from diesel engines, the department of development shall administer a diesel emissions reduction grant program and a diesel emissions reduction revolving loan program. The programs shall provide for the implementation in this state of section 793 and shall otherwise be administered in compliance with the requirements of section 793, and any regulations issued pursuant to that section.

The director of development shall apply to the administrator of the United States environmental protection agency for grant or loan funds available under section 793 to help fund the diesel emissions reduction grant program and the diesel emissions reduction revolving loan program. Upon the request of the director of development, the director of environmental protection shall assist the director of development to the extent necessary to develop diesel emission reduction plans, goals, or methods, including the role of certified engine configurations and verified technologies, and to prepare the application for federal grants or loans available under section 793.

(C) There is hereby created in the state treasury the diesel emissions grant fund consisting of money appropriated to it by the general assembly, any grants obtained from the federal government under section 793, and any other grants, gifts, or other contributions of money made to the credit of the fund. Money in the fund shall be used for the purpose of making grants for projects relating to certified engine configurations and verified technologies in a manner consistent with the requirements of section 793 and any regulations issued under that section. Interest earned from moneys in the fund shall be used to administer the diesel emissions reduction grant program.

(D) There is hereby created in the state treasury the diesel emissions reduction revolving loan fund consisting of money appropriated to it by the general assembly, any grants obtained from the federal government under section 793, and any other grants, gifts, or other contributions of money made to the credit of the fund. Money in the fund shall be used for the purpose of making loans for projects relating to certified engine configurations and verified technologies in a manner consistent with the requirements of section 793 and any regulations issued pursuant to that section. Interest earned from moneys in the fund shall be used to administer the diesel emissions reduction revolving loan program.

Sec. 125.831. As used in sections 125.831 to ~~125.833~~ 125.834 of the Revised Code:

(A) "Alternative fuel" means any of the following fuels used in a motor vehicle:

- (1) E85 blend fuel;
- (2) Blended biodiesel;
- (3) Natural gas;
- (4) Liquefied petroleum gas;
- (5) Hydrogen;
- (6) Any power source, including electricity;

(7) Any fuel not described in divisions (A)(1) to (6) of this section that the United States department of energy determines, by final rule, to be substantially not petroleum, and that would yield substantial energy security and environmental benefits.

(B) "Biodiesel" means a mono-alkyl ester combustible liquid fuel that is derived from vegetable oils or animal fats, or any combination of those reagents that meets the American society for testing and materials specification for biodiesel fuel (B100) blend stock distillate fuels and any other standards that the director of administrative services adopts by rule.

(C) "Blended biodiesel" means a blend of biodiesel with petroleum based diesel fuel in which the resultant product contains not less than twenty per cent biodiesel that meets the American society for testing and materials specification for blended diesel fuel and any other standards that the director of administrative services adopts by rule.

(D) "Diesel fuel" means any liquid fuel that is capable of use in discrete form or as a blend component in the operation of engines of the diesel type.

(E) "E85 blend fuel" means fuel containing eighty-five per cent or more ethanol as defined in section 5733.46 of the Revised Code or containing any other percentage of not less than seventy per cent ethanol if the United States department of energy determines, by rule, that the lower percentage is necessary to provide for the requirements of cold start, safety, or vehicle functions, and that meets the American society for testing and materials specification for E85 blend fuel and any other standards that the director of administrative services adopts by rule.

(F) "Law enforcement officer" means an officer, agent, or employee of a state agency upon whom, by statute, a duty to conserve the peace or to enforce all or certain laws is imposed and the authority to arrest violators is conferred, within the limits of that statutory duty and authority, but does not include such an officer, agent, or employee if that duty and authority is location specific.

~~(B)~~(G)(1) "Motor vehicle" means any automobile, car minivan, cargo van, passenger van, sport utility vehicle, or pickup truck with a gross vehicle

weight of under twelve thousand pounds.

(2) "Motor vehicle" does not include, except for the purposes of division (C) of section 125.832 of the Revised Code, any vehicle described in division ~~(B)~~(G)(1) of this section that is used by a law enforcement officer and law enforcement agency or any vehicle that is so described and that is equipped with specialized equipment that is not normally found in such a vehicle and that is used to carry out a state agency's specific and specialized duties and responsibilities.

~~(C)~~(H) "Specialized equipment" does not include standard mobile radios with no capabilities other than voice communication, exterior and interior lights, or roof-mounted caution lights.

~~(D)~~(I) "State agency" means every organized body, office, board, authority, commission, or agency established by the laws of the state for the exercise of any governmental or quasi-governmental function of state government regardless of the funding source for that entity, other than any state institution of higher education, the office of the governor, lieutenant governor, auditor of state, treasurer of state, secretary of state, or attorney general, the general assembly or any legislative agency, the courts or any judicial agency, or any state retirement system or retirement program established by or referenced in the Revised Code.

~~(E)~~(J) "State institution of higher education" has the same meaning as in section 3345.011 of the Revised Code.

Sec. 125.832. (A) The department of administrative services is granted exclusive authority over the acquisition and management of all motor vehicles used by state agencies. In carrying out this authority, the department shall do both of the following:

(1) Approve the purchase or lease of each motor vehicle for use by a state agency. The department shall decide if a motor vehicle shall be leased or purchased for that use.

Except as otherwise provided in division (A)(1) of this section, on and after July 1, 2005, each state agency shall acquire all passenger motor vehicles under the department's master leasing program. If the department determines that acquisition under that program is not the most economical method and if the department and the state agency acquiring the passenger motor vehicle can provide economic justification for doing so, the department may approve the purchase, rather than the lease, of a passenger motor vehicle for the acquiring state agency.

(2) Direct and approve all funds that are expended for the purchase, lease, repair, maintenance, registration, insuring, and other costs related to the possession and operation of motor vehicles for the use of state agencies.

(B) The director of administrative services shall establish and operate a fleet management program. The director shall operate the program for purposes including, but not limited to, cost-effective acquisition, maintenance, management, analysis, and disposal of all motor vehicles owned or leased by the state. All state agencies shall comply with statewide fleet management policies and procedures established by the director for the program, including, but not limited to, motor vehicle assignments, additions of motor vehicles to fleets or motor vehicle replacements, motor vehicle fueling, and motor vehicle repairs.

(C) The director shall establish and maintain a fleet reporting system and shall require state agencies to submit to the department information relative to state motor vehicles, including motor vehicles described in division ~~(B)~~(G)(2) of section 125.831 of the Revised Code, to be used in operating the fleet management program. State agencies shall provide to the department fleet data and other information, including, but not limited to, mileage and costs. The data and other information shall be submitted in formats and in a manner determined by the department.

(D) All state agency purchases or leases of motor vehicles are subject to the prior approval of the director under division (A)(1) of this section.

(E) State agencies that utilize state motor vehicles or pay mileage reimbursements to employees shall provide a fleet plan to the department as directed by the department.

(F)(1) The fleets of state agencies that consist of one hundred or less vehicles on July 1, 2004, shall be managed by the department's fleet management program on a time schedule determined by the department, unless the state agency has received delegated authority as described in division (G) of this section.

(2) The fleets of state agencies that consist of greater than one hundred motor vehicles, but less than five hundred motor vehicles, on July 1, 2005, also shall be managed by the department's fleet management program on a time schedule determined by the department, unless the state agency has received delegated authority as described in division (G) of this section.

(G)(1) The department may delegate any or all of its duties regarding fleet management to a state agency, if the state agency demonstrates to the satisfaction of the department both of the following:

(a) Capabilities to institute and manage a fleet management program, including, but not limited to, the presence of a certified fleet manager;

(b) Fleet management performance, as demonstrated by fleet data and other information submitted pursuant to annual reporting requirements and any other criteria the department considers necessary in evaluating the

performance.

(2) The department may determine that a state agency is not in compliance with this section and direct that the agency's fleet management duties be transferred to the department.

(H) The proceeds derived from the disposition of any motor vehicles under this section shall be paid to whichever of the following applies:

(1) The fund that originally provided moneys for the purchase or lease of the motor vehicles;

(2) If the motor vehicles were originally purchased with moneys derived from the general revenue fund, the proceeds shall be deposited, in the director's discretion, into the state treasury to the credit of either the fleet management fund created by section 125.83 of the Revised Code or the investment recovery fund created by section 125.14 of the Revised Code.

(I)(1) The department shall create and maintain a certified fleet manager program.

(2) State agencies that have received delegated authority as described in division (G) of this section shall have a certified fleet manager.

(J) The department annually shall prepare and submit a statewide fleet report to the governor, the speaker of the house of representatives, and the president of the senate. The report shall be submitted not later than the thirty-first day of January following the end of each fiscal year. It may include, but is not limited to, the numbers and types of motor vehicles, their mileage, miles per gallon, and cost per mile, mileage reimbursements, accident and insurance data, and information regarding compliance by state agencies having delegated authority under division (G) of this section with applicable fleet management requirements.

(K) The director shall adopt rules for implementing the fleet management program that are consistent with recognized best practices. The program shall be supported by reasonable fee charges for the services provided. The director shall collect these fees and deposit them into the state treasury to the credit for the fleet management fund created by section 125.83 of the Revised Code. The setting and collection of fees under this division is not subject to any restriction imposed by law upon the director's or the department's authority to set or collect fees.

(L) The director also shall adopt rules that prohibit, except in very limited circumstances, the exclusive assignment of state-owned, leased, or pooled motor vehicles to state employees and that prohibit the reimbursement under section 126.31 of the Revised Code of state employees who use their own motor vehicles for any mileage they incur above an amount that the department shall determine annually unless reimbursement

for the excess mileage is approved by the department in accordance with standards for that approval the director shall establish in those rules. Beginning on September 26, 2003, no state-owned, leased, or pooled motor vehicle shall be personally assigned as any form of compensation or benefit of state employment, and no state-owned, leased, or pooled motor vehicle shall be assigned to an employee solely for commuting to and from home and work.

(M) The director shall do both of the following:

(1) Implement to the greatest extent possible the recommendations from the 2002 report entitled "Administrative Analysis of the Ohio Fleet Management Program" in connection with the authority granted to the department by this section;

(2) Attempt to reduce the number of passenger vehicles used by state agencies during the fiscal years ending on June 30, 2004, and June 30, 2005.

(N) Each state agency shall reimburse the department for all costs incurred in the assignment of motor vehicles to the state agency.

(O) The director shall do all of the following in managing the fleet management program:

(1) Determine how motor vehicles will be maintained, insured, operated, financed, and licensed;

(2) Pursuant to the formula in division (O)(3) of this section, annually establish the minimum number of business miles per year an employee of a state agency must drive in order to qualify for approval by the department to receive a motor vehicle for business use;

(3) Establish the minimum number of business miles per year at an amount that results when the annual motor vehicle cost is divided by the amount that is the reimbursement rate per mile minus the amount that is the sum of the fuel cost, the operating cost, and the insurance cost. As used in this division:

(a) "Annual motor vehicle cost" means the price of a motor vehicle divided by the number of years an average motor vehicle is used.

(b) "Fuel cost" means the average price per gallon of motor fuel divided by the miles per gallon fuel efficiency of a motor vehicle.

(c) "Insurance cost" means the cost of insuring a motor vehicle per year divided by the number of miles an average motor vehicle is driven per year.

(d) "Operating cost" means the maintenance cost of a motor vehicle per year divided by the product resulting when the number of miles an average motor vehicle is driven per year is multiplied by the number of years an average motor vehicle is used.

(e) "Reimbursement rate per mile" means the reimbursement per mile

rate for travel expenses as provided by rule of the director of budget and management adopted under division (B) of section 126.31 of the Revised Code.

(P)(1) Not later than the fifteenth day of September of each year, each state institution of higher education shall report to the department on all of the following topics relating to motor vehicles that the institution acquires and manages:

- (a) The methods it uses to track the motor vehicles;
- (b) Whether or not it uses a fuel card program to purchase fuel for, or to pay for the maintenance of, the motor vehicles;
- (c) Whether or not it makes bulk purchases of fuel for the motor vehicles.

(2) Assuming it does not use the fleet management tracking, fuel card program, and bulk fuel purchases tools and services that the department provides, the report of a state institution of higher education required by division (P)(1) of this section also shall include both of the following:

- (a) An analysis of the amount the institution would save, if any, if it were to use the fleet management tracking, fuel card program, and bulk fuel purchases tools and services that the department provides instead of the fleet management system the institution regularly uses;
- (b) A rationale for either continuing with the fleet management system that the institution regularly uses or changing to the use of those tools and services that the department provides.

(3) The department shall certify within ninety days after receipt of all reports under division (P)(1) of this section a list of those state institutions of higher education that the department determines would save amounts if they were to use the fleet management tracking, fuel card program, and bulk fuel purchases tools and services that the department provides. The institutions so certified then shall use those tools and services that the department provides until the department next certifies institutions under division (P)(3) of this section.

Sec. 125.834. (A) The department of administrative services shall ensure that all new motor vehicles acquired on and after July 1, 2006, by the state for use by state agencies under section 125.832 of the Revised Code are capable of using alternative fuels. A state agency that is acquiring new motor vehicles under division (G)(1) of section 125.832 of the Revised Code shall report annually, in a manner prescribed by the director of administrative services, the number of new motor vehicles acquired by the state agency and the number of those motor vehicles that are capable of using alternative fuel.

(B) The department shall not purchase or lease, or authorize the purchase or lease by a state agency of, any motor vehicles that are incapable of using alternative fuels, unless one or more of the following apply:

(a) The department or state agency is unable to acquire or operate motor vehicles within the cost limitations described in rules adopted under division (D) of this section.

(b) The use of alternative fuels would not meet the energy conservation and exhaust emissions criteria described in rules adopted under division (D) of this section.

(c) An emergency exists or exigent circumstances exist, as determined by the department of administrative services.

(C) Not later than ninety days after the effective date of this section, all motor vehicles owned or leased by the state that are capable of using an alternative fuel shall use an alternative fuel if the fuel is reasonably available at a reasonable price. Subject to division (D) of this section, motor vehicles owned or leased by the state shall use at least sixty thousand gallons of E85 blend fuel per calendar year by January 1, 2007, with an increase of five thousand gallons per calendar year each calendar year thereafter, and at least one million gallons of biodiesel per calendar year by January 1, 2007, with an increase of one hundred thousand gallons per calendar year each calendar year thereafter. The director of administrative services, under Chapter 119. of the Revised Code, shall adopt rules to implement the fuel use requirement of this division, and the directors and heads of all state departments and agencies shall issue a directive to all state employees who use state motor vehicles informing them of the fuel use requirement. The directive shall instruct state employees to purchase alternative fuels at retail fuel facilities whenever possible.

As used in this division, "motor vehicle" has the same meaning as in section 125.831 of the Revised Code and also includes all on-road and off-road vehicles powered by diesel fuel, regardless of gross vehicle weight.

(D) The director of administrative services shall adopt and may amend, under Chapter 119. of the Revised Code, rules that include both of the following:

(1) Requirements for state agencies in the procurement of alternative fuels and motor vehicles capable of using alternative fuels, and cost limitations for the acquisition and operation of such vehicles;

(2) Energy conservation and exhaust emissions criteria for motor vehicles capable of using alternative fuels.

Sec. 125.836. (A) As used in this section:

(1) "Biodiesel," "blended biodiesel," and "diesel fuel" have the same

meanings as in section 125.831 of the Revised Code.

(2) "Credit" means a credit generated by the acquisition of alternative fueled vehicles in accordance with the "Energy Policy Act of 1992," 106 Stat. 2897, 42 U.S.C. 13257.

(3) "Incremental cost" means the difference in cost between blended biodiesel and conventional petroleum-based diesel fuel at the time the blended biodiesel is purchased.

(B) The department of administrative services shall establish and administer a credit banking and selling program. The department may sell or trade credits in accordance with procedures established pursuant to the "Energy Policy Act of 1992," 106 Stat. 2897, 42 U.S.C. 13258.

(C) There is hereby created in the state treasury the "biodiesel revolving fund," to which shall be credited moneys received from the sale of credits under this section, any moneys appropriated to the fund by the general assembly, and any other moneys obtained or accepted by the department for crediting to the fund. Moneys credited to the fund shall be used to pay for the incremental cost of biodiesel for use in vehicles owned or leased by the state that use diesel fuel. The director of administrative services, after consultation with the director of development, may direct the director of budget and management to transfer available moneys in the biodiesel revolving fund to the alternative fuel transportation grant fund created in section 122.075 of the Revised Code to be used by the department of development for the purposes specified in that section.

(D) The director of administrative services shall adopt rules under Chapter 119. of the Revised Code that are necessary for the administration of the credit banking and selling program.

Sec. 125.837. The director of administrative services shall designate an employee within the department of administrative services as the state alternative fuel resource officer. The officer shall monitor federal activity for any federal action that affects this state in its use of motor vehicles that are capable of using an alternative fuel. In addition, the officer shall be available to all state departments and agencies to explain the laws that apply to the purchase of motor vehicles that are capable of using an alternative fuel, the laws governing alternative fuels, and any other relevant issues that relate to motor vehicles that are capable of using an alternative fuel, such as the locations of motor vehicle fueling facilities that sell alternative fuels.

If time and resources permit, the state alternative fuel resource officer may assist political subdivisions with any questions or issues relating to alternative fuels and to motor vehicles that are capable of using an alternative fuel.

Sec. 125.838. (A) The department of administrative services shall compile on a quarterly basis all data relating to the purchase by each state department and agency of alternative fuels, including the amounts of alternative fuels and conventional fuels purchased, the per-gallon prices paid for each fuel, and the locations at which alternative fuels were purchased and the fuel amounts purchased at each such location.

(B) Not later than the first day of April of each year, the department shall prepare a report containing all the data for the preceding calendar year described in division (A) of this section. The report also shall list the number and types of motor vehicles each state department and agency owns or leases that are capable of using an alternative fuel and the locations at which these motor vehicles are routinely parked. The department shall submit a copy of the report to the governor, to the speaker and minority leader of the house of representatives, and to the president and minority leader of the senate.

Sec. 4511.101. (A) The director of transportation, in accordance with 23 U.S.C.A. 109(d), 131(f), and 315, as amended, shall establish a program for the placement of business logos for identification purposes on state directional signs within the rights-of-way of divided, multi-lane, limited access highways in both rural and urban areas.

(B) All direct and indirect costs of the business logo sign program established pursuant to this section shall be fully paid by the businesses applying for participation in the program. At any interchange where a business logo sign is erected, such costs shall be divided equally among the participating businesses. The direct and indirect costs of the program shall include, but not be limited to, the cost of capital, directional signs, blanks, posts, logos, installation, repair, engineering, design, insurance, removal, replacement, and administration. Nothing in this chapter shall be construed to prohibit the director from establishing such a program.

(C) The director, in accordance with rules adopted pursuant to Chapter 119. of the Revised Code, may contract with any private person to operate, maintain, and market the business logo sign program. The rules shall describe the terms of the contract, and shall allow for a reasonable profit to be earned by the successful applicant. In awarding the contract, the director shall consider the skill, expertise, prior experience, and other qualifications of each applicant.

(D) As used in this section, "urban area" means an area having a population of fifty thousand or more according to the most recent federal census and designated as such on urban maps prepared by the department.

(E) Neither the department nor the director shall do either of the

following:

(1) Limit the right of any person to erect, maintain, repair, remove, or utilize any off-premises or on-premises advertising device;

(2) Make participation in the business logo sign program conditional upon a business agreeing to limit, discontinue, withdraw, modify, alter, or change any advertising or sign.

(F) The program shall permit the business logo signs of a seller of motor vehicle fuel to include on the seller's signs a marking or symbol indicating that the seller sells one or more types of alternative fuel so long as the seller in fact sells that fuel.

As used in this division, "alternative fuel" has the same meaning as in section 125.831 of the Revised Code.

Sec. 5735.40. (A) As used in this section:

(1) "Alternative fuel" has the same meaning as in section 125.831 of the Revised Code.

(2) "Political subdivision" means a county, township, municipal corporation, school district, or other body corporate and politic responsible for governmental activities in a geographic area smaller than that of the state.

(B) Except as provided in division (B)(6) of section 5739.02 of the Revised Code when levying the tax imposed by that section in conjunction with sections 5739.021, 5739.023, 5739.026, 5741.021, 5741.022, and 5741.023 of the Revised Code, or as provided in section 5739.101 of the Revised Code, no political subdivision shall levy or collect any excise, license, privilege, or occupational tax on alternative fuel or on the buying, selling, handling, or consuming of alternative fuel.

SECTION 2. That existing sections 122.075, 125.831, 125.832, and 4511.01 of the Revised Code are hereby repealed.

SECTION 3. That Section 203.99.45 of Am. Sub. H.B. 66 of the 126th General Assembly be amended to read as follows:

Sec. 203.99.45. ECONOMIC DEVELOPMENT FINANCING OPERATING

The foregoing appropriation item 195-625, Economic Development Financing Operating, shall be used for the operating expenses of financial assistance programs authorized under Chapter 166. of the Revised Code and under sections 122.43 and 122.45 of the Revised Code.

VOLUME CAP ADMINISTRATION

The foregoing appropriation item 195-654, Volume Cap Administration, shall be used for expenses related to the administration of the Volume Cap Program. Revenues received by the Volume Cap Administration Fund (Fund 617) shall consist of application fees, forfeited deposits, and interest earned from the custodial account held by the Treasurer of State.

UNIVERSAL SERVICE FUND

The foregoing appropriation item 195-659, Universal Service, shall be used to provide payments to regulated electric utility companies for low-income customers enrolled in Percentage of Income Payment Plan (PIPP) electric accounts, to fund targeted energy efficiency and customer education services to PIPP customers, and to cover the department's administrative costs related to Universal Service Fund Programs.

SHOVEL READY SITES

The foregoing appropriation item 195-678, Shovel Ready Sites, shall be used to administer the Shovel Ready Sites Program under section 122.083 of the Revised Code.

ALTERNATIVE FUEL TRANSPORTATION

The foregoing appropriation item 195-679, Alternative Fuel Transportation, shall be used by the Director of Development to make grants under the Alternative Fuel Transportation Grant Fund Program in accordance with section 122.075 of the Revised Code, and for administrative costs associated with the program.

TRANSFER OF UNCLAIMED FUNDS TO THE DEFENSE CONVERSION ASSISTANCE FUND FOR BASE REALIGNMENT AND CLOSURE GRANTS

(A) There is hereby created in the State Treasury the Defense Conversion Assistance Fund (Fund 5CV). The fund shall consist of all cash deposited to it pursuant to division (C) of this section.

(B) The foregoing appropriation item 195-680, Defense Conversion Assistance, shall be used by the Director of Development to provide grants to local communities for costs associated with the preparation and redevelopment of military installations in Ohio that are slated for realignment or closure under the United States Department of Defense Base Realignment and Closure Program.

(C) Notwithstanding division (A) of section 169.05 of the Revised Code, upon the request of the Director of Budget and Management, the Director of Commerce, prior to June 30, 2006, shall transfer to the Defense Conversion Assistance Fund (Fund 5CV) \$1,000,000 of the unclaimed funds that have been reported by the holders of unclaimed funds under section 169.05 of the Revised Code regardless of the allocation of the unclaimed

funds described in that section.

(D) On or before June 30, 2006, the unencumbered balance of the foregoing appropriation item 195-680, Defense Conversion Assistance, for fiscal year 2006 is hereby appropriated for the same purpose for fiscal year 2007.

LUNG CANCER AND LUNG DISEASE RESEARCH

The foregoing appropriation item 195-682, Lung Cancer and Lung Disease Research, shall be used by the Director of Development to promote lung cancer and lung disease research.

ENERGY EFFICIENCY REVOLVING LOAN FUND

The foregoing appropriation item 195-660, Energy Efficiency Loan and Grant, shall be used to provide financial assistance to customers for eligible energy efficiency projects for residential, commercial and industrial business, local government, educational institution, nonprofit, and agriculture customers, and to pay for the program's administrative costs as provided in the Revised Code and rules adopted by the Director of Development.

TRANSFER FROM THE ENERGY EFFICIENCY REVOLVING LOAN FUND TO THE INDUSTRIAL SITE IMPROVEMENTS FUND

Notwithstanding Chapters 122. and 4928. of the Revised Code and any other law to the contrary, the Director of Budget and Management shall transfer \$2,500,000 in cash in fiscal year 2006 and \$2,500,000 in cash in fiscal year 2007 from the Energy Efficiency Revolving Loan Fund (Fund 5M5) to the Industrial Site Improvements Fund (Fund 5AR).

Moneys in Fund 5AR, Industrial Site Improvements, shall be used by the Director of Development to make grants to eligible counties for the improvement of commercial or industrial areas within those counties under section 122.951 of the Revised Code.

TRANSFER FROM THE ENERGY EFFICIENCY REVOLVING LOAN FUND TO THE RAIL TRANSLOAD FACILITIES FUND

Notwithstanding Chapters 122. and 4928. of the Revised Code and any other law to the contrary, the Director of Budget and Management shall transfer \$500,000 in cash in fiscal year 2006 from the Energy Efficiency Revolving Loan Fund (Fund 5M5) in the Department of Development to the Rail Transload Facilities Fund (Fund 5CF) in the Department of Transportation.

TRANSFER FROM THE ENERGY EFFICIENCY REVOLVING LOAN FUND TO THE ALTERNATIVE FUEL TRANSPORTATION GRANT FUND

Notwithstanding Chapter 4928. of the Revised Code and any other law

to the contrary, the Director of Budget and Management shall transfer \$150,000 in cash in fiscal year 2006 and ~~\$150,000~~ \$1,150,000 in cash in fiscal year 2007 from the Energy Efficiency Revolving Loan Fund (Fund 5M5) to the Alternative Fuel Transportation Grant Fund (Fund 5CG).

GLOBAL ANALYST SETTLEMENT AGREEMENTS PAYMENTS

All payments received by the state pursuant to a series of settlements with ten brokerage firms reached with the United States Securities and Exchange Commission, the National Association of Securities Dealers, the New York Stock Exchange, the New York Attorney General, and other state regulators (henceforth referred to as the "Global Analysts Settlement Agreements"), shall be deposited into the state treasury to the credit of the Economic Development Contingency Fund (Fund 5Y6), which is hereby created in the state treasury. The fund shall be used by the Director of Development to support economic development projects for which appropriations would not otherwise be available, and shall be subject to the submission of a request to the Controlling Board by the Director outlining the planned use of the funds, and the subsequent approval of the request by the Controlling Board.

SECTION 4. That existing Section 203.99.45 of Am. Sub. H.B. 66 of the 126th General Assembly is hereby repealed.

SECTION 5. That Section 203.99 of Am. Sub. H.B. 66 of the 126th General Assembly, as amended by Am. Sub. S.B. 236 of the 126th General Assembly, be amended to read as follows:

Sec. 203.99. DEV DEPARTMENT OF DEVELOPMENT

General Revenue Fund

GRF 195-321	Operating Expenses	\$	2,738,908	\$	2,723,908
GRF 195-401	Thomas Edison Program	\$	17,554,838	\$	17,454,838
GRF 195-404	Small Business Development	\$	1,740,722	\$	1,740,722
GRF 195-405	Minority Business	\$	1,580,291	\$	1,580,291
	Development Division				
GRF 195-407	Travel and Tourism	\$	6,812,845	\$	6,712,845
GRF 195-410	Defense Conversion	\$	300,000	\$	200,000
	Assistance				
GRF 195-412	Business Development Grants	\$	11,750,000	\$	11,750,000
GRF 195-415	Economic Development	\$	5,794,975	\$	5,894,975
	Division and Regional Offices				
GRF 195-416	Governor's Office of	\$	4,122,372	\$	4,122,372
	Appalachia				
GRF 195-422	Third Frontier Action Fund	\$	16,790,000	\$	16,790,000
GRF 195-426	Clean Ohio Implementation	\$	300,000	\$	300,000
GRF 195-432	International Trade	\$	4,223,787	\$	4,223,787

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GRF 195-434	Investment in Training Grants	\$	12,227,500	\$	12,227,500
GRF 195-436	Labor/Management Cooperation	\$	811,869	\$	811,869
GRF 195-497	CDBG Operating Match	\$	1,040,956	\$	1,040,956
GRF 195-498	State Match Energy	\$	94,000	\$	94,000
GRF 195-501	Appalachian Local Development Districts	\$	380,080	\$	380,080
GRF 195-502	Appalachian Regional Commission Dues	\$	246,803	\$	246,803
GRF 195-507	Travel and Tourism Grants	\$	1,287,500	\$	1,162,500
GRF 195-515	Economic Development Contingency	\$	10,000,000	\$	0
GRF 195-905	Third Frontier Research & Development General Obligation Debt Service	\$	0	\$	13,910,000
GRF 195-912	Job Ready Site Development General Obligation Debt Service	\$	0	\$	4,124,400
TOTAL GRF General Revenue Fund		\$	99,797,446	\$	107,491,846
General Services Fund Group					
135 195-605	Supportive Services	\$	7,450,000	\$	7,539,686
5AD 195-667	Investment in Training Expansion	\$	5,000,000	\$	5,000,000
5AD 195-668	Worker Guarantee Program	\$	3,000,000	\$	3,000,000
5AD 195-677	Economic Development Contingency	\$	0	\$	10,000,000
685 195-636	General Reimbursements	\$	1,000,000	\$	1,000,000
TOTAL GSF General Services Fund Group		\$	16,450,000	\$	26,539,686
Federal Special Revenue Fund Group					
3AE 195-643	Workforce Development Initiatives	\$	5,800,000	\$	5,800,000
3K8 195-613	Community Development Block Grant	\$	65,000,000	\$	65,000,000
3K9 195-611	Home Energy Assistance Block Grant	\$	90,500,000	\$	90,500,000
3K9 195-614	HEAP Weatherization	\$	16,219,478	\$	16,219,478
3L0 195-612	Community Services Block Grant	\$	25,235,000	\$	25,235,000
3V1 195-601	HOME Program	\$	40,000,000	\$	40,000,000
308 195-602	Appalachian Regional Commission	\$	600,660	\$	600,660
308 195-603	Housing and Urban Development	\$	5,000,000	\$	5,000,000
308 195-605	Federal Projects	\$	15,300,249	\$	15,300,249
308 195-609	Small Business Administration	\$	4,296,381	\$	4,296,381
308 195-618	Energy Federal Grants	\$	3,397,659	\$	3,397,659
335 195-610	Oil Overcharge	\$	3,000,000	\$	3,000,000
TOTAL FED Federal Special Revenue Fund Group		\$	274,349,427	\$	274,349,427
State Special Revenue Fund Group					
4F2 195-639	State Special Projects	\$	290,183	\$	290,183

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4F2	195-676	Promote Ohio	\$	5,228,210	\$	5,228,210
4S0	195-630	Enterprise Zone Operating	\$	275,000	\$	275,000
4S1	195-634	Job Creation Tax Credit	\$	375,800	\$	375,800
4W1	195-646	Operating Minority Business Enterprise Loan	\$	2,580,597	\$	2,580,597
444	195-607	Water and Sewer Commission Loans	\$	523,775	\$	523,775
450	195-624	Minority Business Bonding Program Administration	\$	53,967	\$	53,967
451	195-625	Economic Development Financing Operating	\$	2,358,311	\$	2,358,311
5CA	195-678	Shovel Ready Sites	\$	5,000,000	\$	5,000,000
5CG	195-679	Alternative Fuel Transportation	\$	150,000	\$ 150,000	<u>1,150,000</u>
5CV	195-680	Defense Conversion Assistance	\$	1,000,000	\$	0
5CY	195-682	Lung Cancer and Lung Disease Research	\$	10,000,000	\$	0
5M4	195-659	Universal Service	\$	210,000,000	\$	210,000,000
5M5	195-660	Energy Efficiency Loan and Grant	\$	12,000,000	\$	12,000,000
5X1	195-651	Exempt Facility Inspection	\$	25,000	\$	25,000
611	195-631	Water and Sewer Administration	\$	15,713	\$	15,713
617	195-654	Volume Cap Administration	\$	200,000	\$	200,000
646	195-638	Low- and Moderate- Income Housing Trust Fund	\$	53,000,000	\$	53,000,000
TOTAL SSR State Special Revenue Fund Group			\$	303,076,556	\$	<u>292,076,556</u> <u>293,076,556</u>

Facilities Establishment Fund Group

009	195-664	Innovation Ohio	\$	50,000,000	\$	50,000,000
010	195-665	Research and Development	\$	50,000,000	\$	50,000,000
037	195-615	Facilities Establishment	\$	63,931,149	\$	63,931,149
4Z6	195-647	Rural Industrial Park Loan	\$	3,000,000	\$	3,000,000
5D2	195-650	Urban Redevelopment Loans	\$	5,475,000	\$	5,475,000
5H1	195-652	Family Farm Loan Guarantee	\$	1,000,000	\$	1,000,000
5S8	195-627	Rural Development Initiative	\$	3,000,000	\$	3,000,000
5S9	195-628	Capital Access Loan Program	\$	3,000,000	\$	3,000,000
TOTAL 037 Facilities Establishment Fund Group			\$	179,406,149	\$	179,406,149

Clean Ohio Revitalization Fund

003	195-663	Clean Ohio Operating	\$	350,000	\$	350,000
TOTAL 003 Clean Ohio Revitalization Fund			\$	350,000	\$	350,000

Third Frontier Research & Development Fund Group

011	195-686	Third Frontier Operating	\$	713,028	\$	1,932,056
011	195-687	Third Frontier Research & Development Projects	\$	100,000,000	\$	100,000,000
TOTAL 011 Third Frontier Research & Development Fund Group			\$	100,713,028	\$	101,932,056

Job Ready Site Development Fund Group

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012 195-688 Job Ready Site Operating	\$	622,200	\$	746,155
TOTAL 012 Job Ready Site Development Fund	\$	622,200	\$	746,155
Group				
TOTAL ALL BUDGET FUND GROUPS	\$	974,764,806	\$	<u>982,891,875</u>
				<u>983,891,875</u>

SECTION 6. That existing Section 203.99 of Am. Sub. H.B. 66 of the 126th General Assembly, as amended by Am. Sub. S.B. 236 of the 126th General Assembly, is hereby repealed.

SECTION 7. (A) As used in this section, "alternative fuel" has the same meaning as in section 125.831 of the Revised Code, as amended by this act.

(B) The Department of Taxation shall study the feasibility of encouraging the use of alternative fuels by reducing the motor fuel tax rate on those fuels, to the extent they are taxed under Chapter 5735. of the Revised Code, to reflect their lower energy content and the need to use more gallons of an alternative fuel to travel the same distance. The study shall examine the British thermal unit ("Btu") of each alternative fuel that may be used in motor vehicles and determine at what rate each alternative fuel may be taxed to result in an effective tax rate that is equalized to conventional fuels, such as gasoline and diesel, according to their relative Btu content by volume. Among any other matters the Department of Taxation determines to be pertinent to the study, the Department also shall consider the experience of other states that have encouraged the use of alternative fuels by reducing their fuel tax rates on those fuels. Not later than one year after the effective date of this section, the Department shall prepare a report regarding its findings and submit a copy of the report to the Governor, the Speaker and Minority Leader of the House of Representatives, and the President and Minority Leader of the Senate.

SECTION 8. (A) As used in this section, "blended biodiesel" and "E85 blend fuel" have the same meanings as in section 125.831 of the Revised Code, as amended by this act.

(B) The Department of Development, in conjunction with the Department of Agriculture and the Department of Commerce, shall conduct a study evaluating the factors involved in making the production, sale, and use of blended biodiesel and E85 blend fuel a commercially viable and self-sustaining industry in this state so that government intervention and support for the blended biodiesel and E85 blend fuel markets is not necessary. Not later than one year after the effective date of this section, the

Department of Development shall prepare a report regarding its findings and submit a copy of the report to the Governor, the Speaker and Minority Leader of the House of Representatives, and the President and Minority Leader of the Senate.

SECTION 9. Sections 3, 4, 5, 6, and 9 of this act, and the items of law of which the sections are composed, are not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.471 of the Revised Code, the sections, and the items of law of which the sections are composed, go into immediate effect when this act becomes law.

Speaker _____ *of the House of Representatives.*

President _____ *of the Senate.*

Passed _____, 20____

Approved _____, 20____

Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the
____ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____