

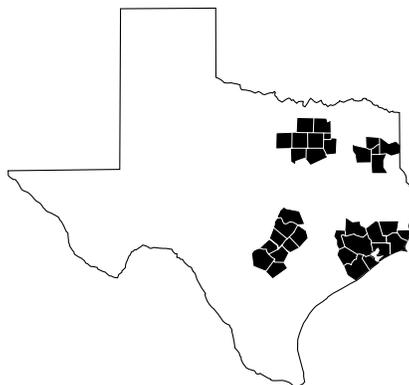


FORKLIFT GRANT INITIATIVE

INCENTIVE PROGRAM FOR BUYERS OF NEW EPA-COMPLIANT PROPANE FORKLIFTS

WHAT IS THIS INCENTIVE PROGRAM?

The program is part of the Texas Emissions Reduction Plan (TERP), a State of Texas program that offers incentives to buyers who replace older internal-combustion forklifts with new propane forklifts that meet or exceed the Environmental Protection Agency's emissions standards. The amount of each incentive grant varies depends on the calculated reduction in emissions. Replacement forklift grants have averaged over \$9,000 per application.



WHAT IS THE PURPOSE OF THE PROGRAM?

The purpose is to reduce air pollution, which is a major problem in Texas and nationwide. The State of Texas is working closely with industry to reduce NOx emissions in an effort to meet the air-quality standards established by the EPA for major metropolitan areas. By helping operators replace older forklifts with new, cleaner forklifts, the program reduces harmful emissions and improves fuel economy. The result is cost savings and improved indoor and outdoor air quality that benefits employees and the local community.

WHAT COUNTIES IN TEXAS MUST I OPERATE IN TO QUALIFY FOR THE GRANT?

If you operate forklifts in any of the following 34 counties, you are eligible to apply for this incentive grant: Bastrop, Bexar, Brazoria, Caldwell, Chambers, Collin, Comal, Dallas, Denton, Ellis, Ft. Bend, Galveston, Gregg, Guadalupe, Harris, Hardin, Harrison, Hays, Jefferson, Johnson, Kaufman, Liberty, Montgomery, Orange, Parker, Rockwall, Rusk, Smith, Tarrant, Travis, Upshur, Waller, Williamson, and Wilson.

FREQUENTLY ASKED QUESTIONS

Q: Does this program replace the Texas Commission on Environmental Quality's TERP program for forklifts?

A: No. The programs are complementary. You may apply for a grant from TCEQ or you may submit an application to the Railroad Commission under the Forklift Initiative Grant Program. However, you are NOT eligible for grants from both programs for the same equipment.

Q: What equipment is eligible?

A: Pre-2009 internal-combustion forklifts may be replaced by propane forklifts that meet or exceed EPA's 2009 emissions standards.

Q: Do I have to own the old forklift?

A: Yes. The old forklift must have been owned by you for the past two years, operated in Texas listed during that time, be in operating condition, and would continue to be used for the activity life of the new equipment.

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FREQUENTLY ASKED QUESTIONS

Q: Is leasing a new forklift eligible under the program?

A: Yes. Leasing a new forklift to replace an older forklift that the applicant has leased or owned for the past two years is an eligible project. Only “dollar option” leases are permitted under the program rules. The grant must be used to pay down the lease, and the terms of the lease contract must reflect this. The lease on the new equipment must extend to the end of the activity life of your equipment under the grant.

Q: If my distributor offers a “zero down payment” plan, can I still receive the grant?

A: The grant only covers costs that the owner has actually expended to date. For example, if you make zero down payment and have 60 months to pay, you will not receive your grant until your payments equal the grant amount.

Q: Can I apply the grant toward the down payment?

A: Yes. For example, if you purchased an \$18,000 forklift, you could apply the grant amount as reimbursement for the down payment. If you lease the equipment, your finance company must agree if you are using the grant as a front-end lease buy-down. The grant may not exceed 80 percent of the new truck’s invoice value.

Q: Must the new forklifts be insured?

A: Yes. You must maintain sufficient property insurance to cover repair or replacement of forklifts funded under this grant. Insurance proceeds must be used to obtain a forklift or engine with equivalent or lower emissions than the one funded.

Q: Can I assign the grant to my forklift distributor?

A: Yes, as long as the distributor has a participation agreement on file with the Railroad Commission of Texas and holds a current RRC Category L license.

Q: What if I don’t have good maintenance records to establish the historical average annual hours operation of my old forklift?

A: Under certain circumstances, the Railroad Commission will accept a digital photograph of the working hour meter and proof of age of the old truck in order to determine the average annual usage..

Q: May I trade in two old trucks for one new one?

A: No. The program allows only a one-for-one exchange.

Q: How long does the new forklift have to operate in an eligible county or counties?

A: The forklifts must operate in the eligible counties for the number of years you commit to on the Grant Application form, which is a binding contract when the grant incentive is issued. The current contractual term for forklifts is five (5) years.

Q: Must I purchase my forklifts from a participating forklift distributor?

A: Yes. The company from which you purchase the forklifts must have a participation agreement on file with the Railroad Commission of Texas and hold a current RRC Category L license.

Q: What happens to the emission reductions from the new forklifts?

A: The emissions reductions are transferred to the Texas Commission on Environmental Quality for the state implementation plan, and are permanently retired.

Q: What happens to the old forklift?

A: The old equipment must be scrapped, and proof furnished to the Railroad Commission before a grant is issued.

Q: What is the process to apply for funding?

A: The application process is a two-step process.

Step 1. Your forklift distributor must mail, fax or email a Forklift Estimate Request form along with required supporting documents (horsepower, engine model, fuel type, maintenance records, etc.) to the Railroad Commission (RRC) in order to receive a preliminary estimate of the grant amount. The RRC will then provide both the forklift distributor and the applicant with an estimate of the grant amount. This estimate will be valid for 90 days. If the distributor and applicant decide to proceed with the sale, the distributor may request an additional period of time to allow for the order and delivery of the new forklift.

Step 2. Once the new forklift has been delivered and the old forklift scrapped, the forklift distributor and the applicant will send a fully executed original Forklift Application with the required supporting documentation to the RRC for review and processing. The required supporting documents include the following:

- Maintenance records for the old forklift covering the last 24 months of operation. If no maintenance records are available, the applicant will have to provide documentation of ownership of the old forklift for the previous two years
- Copy of the sales invoice, purchasing or finance agreement showing payment by applicant of an amount equal to or greater than the grant amount
- Manufacturer’s documentation or printed brochure of specifications of new and old forklifts
- Documentation of model year of old forklift
- Copy of scrap receipt for the old forklift with the chassis serial number noted
- Photos of the old forklift hour meter
- Photos of the disabled engine and chassis
- A signed maintenance agreement with an RRC-licensed shop
- Proof of property insurance (ACORD form or other document from applicant’s insurer), and the insurance must be in effect at the time of grant funding

The RRC may require additional documentation from the applicant and/or distributor at the Commission’s sole discretion, to ensure proper use of grant funds.