

Transportation Emissions Reduction Plan (TERP)

87th Legislature, House Bill 4472
Transportation Planning and Programming Division
September 5, 2025



Texas Department of Transportation

Background

House Bill 4472 from the 87th legislative session included new provisions to expand projects eligible for funding under the Texas Emissions Reduction Plan (TERP), revised allocations from the TERP fund and account, and made other changes to TERP programs. House Bill 4472 amended the Health and Safety Code to require the Texas Commission on Environmental Quality (TCEQ) and the Comptroller of Public Accounts, under TERP, to provide funding for remittance of funds to the state highway fund for use by the Texas Department of Transportation (TxDOT) for congestion mitigation and air quality improvement projects in nonattainment areas and affected counties. This change became effective September 1, 2021.

Sec. 386.057. HEALTH AND SAFETY CODE is amended by adding Subsection (e) to read as follows: (e) Not later than October 1 of each year, the Texas Department of Transportation shall report to the commission the following information for all congestion mitigation and air quality improvement projects in nonattainment areas and affected counties that are planned to be funded, or received initial funding during the preceding 10 years, from money received by the department under this chapter:

- 1. projects to mitigate congestion and improve air quality that are currently planned;*
- 2. projects to mitigate congestion and improve air quality that have been completed;*
- 3. estimated emissions reductions for all planned and completed congestion mitigation projects;*
and
- 4. estimated cost per ton analysis of reduced emissions of nitrogen oxides, particulate matter, or volatile organic compounds for each congestion mitigation project planned or completed.*

Fiscal Year 2025

During fiscal year 2025, \$107,781,107 was transferred from the TERP Fund to the credit of the state highway fund for use by TxDOT on projects to mitigate congestion and improve air quality in non-attainment areas.

From the pool of eligible projects, the full TERP balance was applied to the construction costs of 1 project in the Houston TxDOT District. See Table 1 for project information and details on emission reduction and cost-effectiveness estimates for each project.

Fiscal Year 2025 is the fourth year that funding from TERP was made available to TxDOT for congestion mitigation and air quality improvement projects. These projects have been funded by other categories established in the Unified Transportation Program (UTP) in previous years.

Table 1: Emission Reduction and Cost-Effectiveness Estimates for projects funded by TERP (FY 2025)

Control Section Job	Project Description	TERP Funds	Analysis Description No Build/Build Scenarios	Project Limits	AADT (Vol/Day)	Emissions Reduced (tons/year)			Projects' Emission Reduction Cost-Effectiveness (dollar/ton)		
						NOx	VOC	PM10	NOx	VOC	PM10
0271-07-326	Reconstruct existing IH 10 mainlanes and existing IH 10 HOV lanes to raise the roadway above the floodplain and construct a new shared use path along White Oak Bayou.	107,781,107.99	The analysis consists of calculating the emissions reduction due to improved vehicle driving speed due to the project reducing congestion.	Heights Boulevard to IH 45	204,792	0.4277	0.2201	0.0955	\$65,386,387	\$127,025,281	\$292,919,847