

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 4329

(SENATE AUTHORS: HOWE, Eichorn, Simonson and Frentz)

DATE	D-PG	OFFICIAL STATUS
03/16/2020	5505	Introduction and first reading Referred to Transportation Finance and Policy

1.1 A bill for an act

1.2 relating to transportation; establishing preference for purchase of electric vehicles

1.3 for state fleet; providing rebates for electric vehicle purchases; awarding grants to

1.4 automobile dealers to defray cost of manufacturer certification allowing electric

1.5 vehicle sales; appropriating money; amending Minnesota Statutes 2018, sections

1.6 16C.135, subdivision 3; 16C.137, subdivision 1; proposing coding for new law in

1.7 Minnesota Statutes, chapter 216C.

1.8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.9 Section 1. Minnesota Statutes 2018, section 16C.135, subdivision 3, is amended to read:

1.10 Subd. 3. **Vehicle purchases.** (a) Consistent with section 16C.137, subdivision 1, when

1.11 purchasing a motor vehicle for the central motor pool or for use by an agency, the

1.12 commissioner or the agency shall purchase a motor vehicle ~~that is capable of being powered~~

1.13 ~~by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity~~

1.14 ~~and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of~~

1.15 ~~other vehicles and if the vehicle is capable~~ according to the following preferences, in order:

- 1.16 (1) an electric vehicle;
- 1.17 (2) a hybrid electric vehicle;
- 1.18 (3) a vehicle capable of being powered by cleaner fuels; and
- 1.19 (4) a vehicle powered by gasoline or diesel fuel.

1.20 (b) The commissioner shall only reject a more-preferred vehicle type if:

1.21 (1) the vehicle type is incapable of carrying out the purpose for which it is purchased;

1.22 or

2.1 (2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten
 2.2 percent higher than the next lower preference vehicle type.

2.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.4 Sec. 2. Minnesota Statutes 2018, section 16C.137, subdivision 1, is amended to read:

2.5 Subdivision 1. **Goals and actions.** Each state department must, whenever legally,
 2.6 technically, and economically feasible, subject to the specific needs of the department and
 2.7 responsible management of agency finances:

2.8 (1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law
 2.9 enforcement vehicles~~;~~, are purchased in conformity with the hierarchy of preferences
 2.10 established in section 16C.135, subdivision 3;

2.11 ~~(i) use "cleaner fuels" as that term is defined in section 16C.135, subdivision 1;~~

2.12 ~~(ii) have fuel efficiency ratings that exceed 30 miles per gallon for city usage or 35 miles~~
 2.13 ~~per gallon for highway usage, including but not limited to hybrid electric cars and~~
 2.14 ~~hydrogen-powered vehicles; or~~

2.15 ~~(iii) are powered solely by electricity;~~

2.16 (2) increase its use of renewable transportation fuels, including ethanol, biodiesel, and
 2.17 hydrogen from agricultural products; and

2.18 (3) increase its use of web-based Internet applications and other electronic information
 2.19 technologies to enhance the access to and delivery of government information and services
 2.20 to the public, and reduce the reliance on the department's fleet for the delivery of such
 2.21 information and services.

2.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.23 Sec. 3. **[216C.401] ELECTRIC VEHICLE REBATES.**

2.24 Subdivision 1. **Definitions.** (a) For purposes of this section and section 216C.402, the
 2.25 terms in this subdivision have the meanings given.

2.26 (b) "Dealer" means a person, firm, or corporation possessing a new motor vehicle license
 2.27 under chapter 168 and that:

2.28 (1) operates under a franchise from a manufacturer of electric motor vehicles;

2.29 (2) regularly engages in the business of manufacturing, or selling, purchasing, and
 2.30 generally dealing in new and unused motor vehicles;

3.1 (3) has an established place of business for the sale, trade, and display of new and unused
3.2 motor vehicles; and

3.3 (4) possesses new and unused motor vehicles for the purposes of sale or trade.

3.4 (c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a,
3.5 paragraphs (a) and (b), clause (3).

3.6 (d) "Lease" means a business transaction under which a dealer furnishes an eligible
3.7 electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences
3.8 of ownership are intended to be transferred other than the right to use the vehicle for a term
3.9 of at least 24 months.

3.10 (e) "Lessee" means a person who leases an eligible electric vehicle from a dealer.

3.11 Subd. 2. **Eligible vehicle.** An electric vehicle is eligible for a rebate under this section
3.12 if the electric vehicle:

3.13 (1) has not been previously owned;

3.14 (2) is used by a dealer as a floor model or test drive vehicle and has not been previously
3.15 registered in Minnesota or any other state;

3.16 (3) is returned to a dealer by a purchaser or lessee within two weeks of purchase or
3.17 leasing or when a purchaser's or lessee's financing for the electric vehicle has been
3.18 disapproved; or

3.19 (4) is returned to a dealer before the purchaser or lessee takes delivery, even if the electric
3.20 vehicle is registered in Minnesota; and

3.21 (5) has not been modified from the original manufacturer's specifications;

3.22 (6) has a base manufacturer's suggested retail price not exceeding \$42,000;

3.23 (7) is purchased or leased from a dealer or directly from an original equipment
3.24 manufacturer that does not have licensed franchised dealers in Minnesota; and

3.25 (8) is purchased or leased after the effective date of this act for use by the purchaser and
3.26 not for resale.

3.27 Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible
3.28 electric vehicle is eligible for a rebate under this section if the purchaser or lessee:

3.29 (1) is a resident of Minnesota, as defined in section 290.01, subdivision 7, paragraph
3.30 (a), when the electric vehicle is purchased or leased;

3.31 (2) is a business that has a valid address in Minnesota from which business is conducted;

4.1 (3) is a nonprofit corporation incorporated under chapter 317A; or

4.2 (4) is a political subdivision of the state; and

4.3 (5) has not received a rebate or tax credit for the purchase or lease of an electric vehicle
4.4 from Minnesota; and

4.5 (6) registers the electric vehicle in Minnesota.

4.6 Subd. 4. **Rebate amounts.** (a) A \$2,500 rebate may be issued under this section to an
4.7 eligible purchaser for the purchase or lease of an eligible electric vehicle.

4.8 (b) In addition to the rebate under paragraph (a), a purchaser or lessee whose household
4.9 income at the time the eligible electric vehicle is purchased or leased is less than ... percent
4.10 of the current federal poverty guidelines established by the Department of Health and Human
4.11 Services is eligible for a rebate of \$.....

4.12 Subd. 5. **Limits.** The number of rebates allowed under this section is limited to:

4.13 (1) no more than one rebate per resident per household; and

4.14 (2) no more than one rebate per business entity per year.

4.15 Subd. 6. **Program administration.** (a) Rebate applications under this section must be
4.16 filed with the commissioner on a form developed by the commissioner.

4.17 (b) The commissioner shall develop administrative procedures governing the application
4.18 and rebate award process. Applications shall be reviewed and rebates awarded by the
4.19 commissioner on a first-come, first-served basis.

4.20 (c) The commissioner shall, in coordination with dealers and other state agencies as
4.21 applicable, develop a procedure to allow a rebate to be used by an eligible purchaser or
4.22 lessee at the point of sale so that the rebate amount may be subtracted from the selling price
4.23 of the eligible electric vehicle.

4.24 (d) The commissioner may reduce the rebate amounts provided under subdivision 4 or
4.25 restrict program eligibility based on fund availability or other factors.

4.26 Subd. 7. **Expiration.** This section expires June 30, 2025.

4.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

5.1 Sec. 4. [216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION
5.2 OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.

5.3 Subdivision 1. Establishment. A grant program is established in the Department of
5.4 Commerce to award grants to dealers to offset the costs of obtaining the necessary training
5.5 for salespersons, employees who repair vehicles, and other employees of the dealer that is
5.6 required by manufacturers of electric vehicles in order to certify a dealer to sell electric
5.7 vehicles produced by the manufacturer.

5.8 Subd. 2. Application. Application for a grant under this section must be made to the
5.9 commissioner on a form developed by the commissioner. The commissioner shall develop
5.10 administrative procedures and processes for reviewing applications and awarding grants
5.11 under this section.

5.12 Subd. 3. Eligible applicants. An applicant for a grant awarded under this section must
5.13 be a dealer of new motor vehicles licensed under chapter 168 operating under a franchise
5.14 from a manufacturer of electric vehicles.

5.15 Subd. 4. Eligible expenditures. Appropriations made to support the activities of this
5.16 section may only be used:

5.17 (1) to reimburse a dealer for the reasonable costs of obtaining training and certification
5.18 for the dealer's employees from the electric vehicle manufacturer that awarded the franchise
5.19 to the dealer; and

5.20 (2) for reasonable costs of the department to administer this section.

5.21 Subd. 5. Limitation. A grant awarded under this section to a single dealer must not
5.22 exceed \$40,000.

5.23 EFFECTIVE DATE. This section is effective the day following final enactment.

5.24 Sec. 5. APPROPRIATION.

5.25 (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
5.26 \$10,000,000 in fiscal year 2021 is appropriated from the renewable development account
5.27 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
5.28 to award rebates for the purchase or lease of eligible electric vehicles under Minnesota
5.29 Statutes, section 216C.401. Rebates may be awarded under this paragraph only to eligible
5.30 purchasers located within the retail electric service area of the public utility that is subject
5.31 to Minnesota Statutes, section 116C.779.

6.1 (b) \$10,000,000 in fiscal year 2021 is appropriated from the general fund to the
6.2 commissioner of commerce to award rebates for the purchase or lease of eligible electric
6.3 vehicles under Minnesota Statutes, section 216C.401. Rebates may be awarded under this
6.4 paragraph only to eligible purchasers located outside the retail electric service area of the
6.5 public utility that is subject to Minnesota Statutes, section 116C.779.

6.6 (c) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
6.7 \$2,000,000 in fiscal year 2021 is appropriated from the renewable development account
6.8 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
6.9 to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking
6.10 certification from an electric vehicle manufacturer to sell electric vehicles. Rebates may
6.11 only be awarded under this paragraph to eligible dealers located within the retail electric
6.12 service area of the public utility that is subject to Minnesota Statutes, section 116C.779.

6.13 (d) \$2,000,000 in fiscal year 2021 is appropriated from the general fund to the
6.14 commissioner of commerce to award grants under Minnesota Statutes, section 216C.402,
6.15 to automobile dealers seeking certification to sell electric vehicles. Rebates may only be
6.16 awarded under this paragraph to eligible dealers located outside the retail electric service
6.17 area of the public utility that is subject to Minnesota Statutes, section 116C.779.

6.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.