

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 1507**

(SENATE AUTHORS: BAKK)

DATE  
02/27/2017

D-PG  
795

Introduction and first reading

Referred to Energy and Utilities Finance and Policy

OFFICIAL STATUS

1.1 A bill for an act  
1.2 relating to motor vehicles; providing rebates for propane vehicles and fueling  
1.3 stations; establishing a rebate program with the Department of Commerce;  
1.4 appropriating money.

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

1.6 Section 1. **PROPANE VEHICLE AND FUELING STATION REBATE PROGRAM.**

1.7 Subdivision 1. Establishment. (a) The commissioner of commerce, in collaboration  
1.8 with a nonprofit entity with grant administration experience, must administer and provide  
1.9 the rebates under this section.

1.10 (b) No later than October 1, 2017, the Department of Commerce must implement written  
1.11 policies and procedures, and make the required rebate forms available, to exercise the  
1.12 authority under this section. The policies and procedures must include a mechanism for an  
1.13 applicant to receive provisional approval of a rebate for a period of time deemed appropriate  
1.14 by the commissioner.

1.15 Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the  
1.16 meanings given.

1.17 (b) "Propane vehicle" means a motor vehicle capable of using propane as a motor fuel,  
1.18 including a bi-fuel or dual fuel vehicle capable of using gasoline or diesel fuel from the  
1.19 vehicle fueling system.

1.20 (c) "Incremental cost" means the cost to convert a conventional vehicle, or the difference  
1.21 between the cost of a propane vehicle and the cost of the same or similar motor vehicle,  
1.22 manufactured to operate exclusively on gasoline or diesel fuel.

2.1 (d) "Fueling Station" means a privately owned or retail station at a fixed location intended  
2.2 for use in fueling propane vehicles.

2.3 (e) "Light-duty vehicle" means passenger cars and Class 1, 2, and 3 trucks with a gross  
2.4 vehicle weight rating up to 6,000 pounds.

2.5 (f) "Medium-duty vehicle" means Class 4, 5, and 6 trucks with a gross vehicle weight  
2.6 rating of 6,001 pounds to 26,000 pounds.

2.7 (g) "Heavy-duty vehicle" means Class 7 and 8 trucks with a gross vehicle weight rating  
2.8 of 26,001 pounds or greater.

2.9 Subd. 3. **Rebate eligibility.** (a) Minnesota residents and business entities, including state  
2.10 agencies, transit authorities, school districts, cities, or counties, that purchase a propane  
2.11 vehicle, convert a conventional vehicle to use propane, or purchase and install a fueling  
2.12 station are eligible for a rebate under this section.

2.13 (b) Vehicle conversions must be compliant with Natural Fire Protection Association  
2.14 (NFPA) 52 Vehicular Gaseous Fuel Systems Code standards, and must be installed by a  
2.15 certified and insured installer.

2.16 (c) Vehicles must be registered and licensed in Minnesota.

2.17 (d) Fueling stations must be located in Minnesota.

2.18 (e) The following expenses are eligible for a rebate:

2.19 (1) the incremental cost of an original equipment manufacturer propane vehicle purchase;

2.20 (2) the incremental cost to convert a conventional vehicle to a propane vehicle; and

2.21 (3) the cost of fueling station equipment, including construction and installation costs.

2.22 Subd. 4. **Rebate amounts.** Rebates under this section may be issued for:

2.23 (1) no more than 50 percent of the incremental cost of a light-duty vehicle, not to exceed  
2.24 \$5,000;

2.25 (2) no more than 50 percent of the incremental cost of a medium-duty vehicle, not to  
2.26 exceed \$8,000;

2.27 (3) no more than 50 percent of the incremental cost of a heavy-duty vehicle, not to exceed  
2.28 \$20,000;

2.29 (4) no more than 50 percent of the cost of a fueling station that provides public access,  
2.30 not to exceed \$50,000; and

3.1 (5) no more than 50 percent of the incremental cost of a designated business fueling  
3.2 station, not to exceed \$10,000.

3.3 Subd. 5. **Maximum rebate allowed.** The maximum number of rebates allowed under  
3.4 this section are as follows:

3.5 (1) no more than one rebate per resident household for a passenger car or light-duty  
3.6 vehicle;

3.7 (2) no more than \$50,000 for light- and medium-duty vehicles per business entity per  
3.8 year;

3.9 (3) no more than \$100,000 for heavy-duty vehicles per business entity per year; and

3.10 (4) no more than one fueling station rebate per business entity or designated business  
3.11 per year.

3.12 Subd. 6. **Appropriation.** (a) \$1,500,000 in fiscal year 2018 is appropriated from the  
3.13 general fund to the commissioner of commerce for the purposes of the rebate program under  
3.14 this section.

3.15 (b) The appropriation under paragraph (a) must be expended as follows:

3.16 (1) \$1,000,000 for propane vehicle rebates;

3.17 (2) \$400,000 for propane fueling station rebates; and

3.18 (3) \$100,000 for designated business fueling stations.

3.19 (c) Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in this  
3.20 subdivisions is available until expended.