

S.F. No. 1296 – Preference Establishment for Purchase of Electric Vehicles for State Fleet (As Amended by the A-2 Amendment)

Author: Senator Nicole L. Mitchell

Prepared by: Ben Stanley, Senate Counsel (651/296-4793)

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Section 1 [Fee for Charging Electric Vehicles in Capitol Area] requires a person who charges a privately-owned vehicle at a charging station in the capitol area to pay an electric service fee established by the commission of administration.

Section 2 [Preference Order for Purchase of State Vehicles] establishes a preference order for purchase of state vehicles as follows (from highest preference to lowest):

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

Higher preference vehicles may be rejected only if (1) they are incapable of performing the work for which they are purchased; or (2) the total cost of ownership would be more than 10% higher than the next vehicle type.

This replaces the current statutory language, which encourages purchases of these type of vehicles but does not create a preference order and does not require purchase of the desired vehicle types unless the cost is less than or comparable to the cost of ownership of other vehicles.

Section 3 [Technical Changes] makes conforming changes to reflect the statutory changes made in section 2.

Section 4 [Dealers Must Employ Persons Knowledgeable about Electric Vehicles] requires dealers of new motor vehicles to employ at least one person who has had training on the fundamentals of electric vehicles and related issues.

Section 5 [Electric Vehicle Deployment Program] requires the submission by public utilities and approval by the PUC of transportation electrification plans designed to promote the purchase of electric vehicles and the deployment of related infrastructure.

Subd. 1 [Definitions] defines relevant terms, including “electric vehicle,” “electric vehicle charging station,” “electric vehicle infrastructure” and other.

Subd. 2 [Transportation Electrification Plans Required] requires a public utility to submit a transportation electrification plan to the commission by November 1, 2023, and periodically thereafter as ordered by the commission. A plan may include an educational component, utility investment, research and demonstration projects, and rate structures or programs that encourage electric vehicle charging that optimizes grid operation.

Subd. 3 [Review of Plans by the PUC] requires the PUC to approve, modify, or reject a transportation electrification plan after considering certain enumerated factors.

Subd. 4 [Cost Recovery] allows the PUC to approve cost recovery for prudent and reasonable investments made or expenses incurred by a public utility in the administration and implementation of a transportation electrification plan.

Section 6 [Electric Vehicle Rebates] provides rebates of up to \$2,500 for the purchase or lease of an eligible new electric vehicle and \$500 for the purchase or lease of an eligible used electric vehicle.

Subd. 1 [Definitions] defines relevant terms, including “dealer,” “electric vehicle,” “eligible new electric vehicle,” and others.

Subd. 2 [Eligible Vehicles] provides that certain new electric vehicles with a base manufacturer’s suggested retail price that does not exceed \$60,000 are eligible for a rebate under this section. Certain used electric vehicles are also eligible for a rebate.

Subd. 3 [Eligible Purchasers] provides that residents of Minnesota, businesses and nonprofits located in Minnesota, and political subdivisions of the state are eligible for a rebate under this section if they have not received a previous rebate from the state and if the purchaser registers the vehicle in Minnesota.

Subd. 4 [Rebate Amount] provides a rebate of \$2,500 for the purchase or lease of an eligible new electric vehicle and \$500 for the purchase or lease of an eligible used electric vehicle. The rebate amount can be increased by \$500 and \$100 for new or used vehicles, respectively, if the purchaser meets certain income requirements.

Subd. 5 [Limits] limits a household to one rebate per resident and businesses to no more than one rebate per business per year.

Subd. 6 [Administration] provides for the administration of the rebate program by the commissioner of the Department of Commerce.

Subd. 7 [Expiration] provides that the rebate program expires on June 30, 2027.

Section 7 [Dealer Grants to Cover Costs of Manufacturer Certification] creates a grant program to provide grants of up to \$40,000 to dealers of new motor vehicles to offset the costs of obtaining the training and equipment required by electric vehicle manufacturers in order to certify a dealer to sell electric vehicles produced by the manufacturer.

Section 8 [Appropriations] appropriates \$10,000,000 in fiscal year 2024 from the renewable development account to the commissioner of commerce to award rebates under the rebate program established under section 6 to electric vehicle purchasers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779.

Appropriates \$10,000,000 in fiscal year 2024 from the general fund to the commissioner of commerce to award rebates under the rebate program established under section 6 to electric vehicle purchasers located outside of the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779.

Appropriates \$2,000,000 in fiscal year 2024 from the renewable development account to the commissioner of commerce to award grants to motor vehicle dealers under the grant program created under section 7 to dealers located within the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779.

Appropriates \$2,000,000 in fiscal year 2024 from the general fund to the commissioner of commerce to award grants to motor vehicle dealers under the grant program created under section 7 to dealers located outside of the retail electric service area of the public utility that is subject to Minnesota Statutes, section 116C.779.

Section 9 [Repealer] repeals section 16B.24, subdivision 13, which is no longer necessary in light of the change in section 1 of the bill.