

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Agriculture

BILL: SB 1368

INTRODUCER: Senators Simpson and Benacquisto

SUBJECT: Fleet Vehicle Rebate Programs

DATE: March 15, 2019

REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Akhavein	Becker	AG	Pre-meeting
2.			IS	
3.			AP	

I. Summary:

SB 1368 creates the electric and hybrid fleet vehicle rebate program within the Department of Agriculture and Consumer Services, Office of Energy, (department) to help reduce the state’s transportation costs and to encourage freight mobility investments. Governmental and private entities would be eligible to apply for a rebate. An applicant is eligible to receive a maximum rebate of \$25,000 per vehicle, up to a total of \$250,000 per fiscal year. The bill appropriates \$3 million in recurring funds for the electric and hybrid fleet vehicle rebate program beginning in the 2019-2020 fiscal year and each year thereafter through the 2023-2024 fiscal year.

The bill also appropriates \$6 million in recurring funds for the natural gas fuel fleet vehicle rebate program beginning in the 2019-2020 fiscal year and each year thereafter through the 2023-2024 fiscal year. This program became effective through statute on July 1, 2013 and closed on June 30, 2018.

II. Present Situation:

Electric and Hybrid Vehicles

Florida law currently defines two types of vehicles powered, in whole or in part, by electricity: an electric vehicle and a hybrid vehicle. An “electric vehicle,” defined for purposes of vehicle registration under ch. 320, F.S., is “a motor vehicle that is powered by an electric motor that draws current from rechargeable storage batteries, fuel cells, or other sources of electrical current.”¹ A “hybrid vehicle,” defined for purposes of use of high-occupancy-vehicle lanes, is a motor vehicle:

¹ Section 320.01(36), F.S.

- That draws propulsion energy from onboard sources of stored energy which are both an internal combustion or heat engine using combustible fuel and a rechargeable energy-storage system;
- That, in the case of a passenger automobile or light truck, has received a certificate of conformity under the Clean Air Act...and meets or exceeds the equivalent qualifying California standards for a low-emission vehicle;² and
- That, in the case of a tri-vehicle,³ is an inherently low-emission vehicle.⁴

Florida has enacted a number of EV-related provisions that may incentivize people to purchase EVs. They include:

- Authorizing a local government to enact a program to allow property owners to apply for financing from the local government to install EV charging equipment on his or her property. The local government can collect the loan payments through ad valorem assessments.⁵
- Authorizing a local government to use the proceeds of a levied infrastructure surtax (discretionary sales surtax) to provide loans to property owners to install EV charging equipment.⁶
- Allowing hybrid electric vehicles to use high-occupancy-vehicle lanes regardless of occupancy and to use such lanes without paying a toll if one is otherwise required.⁷

In addition, local Florida entities offer EV incentives. The National Conference of State Legislatures reports that, through June 30, 2018, or until funds were depleted,⁸ Duke Energy and Orlando Utilities Commission customers and employees were eligible for a \$10,000 rebate for the purchase of a new, all-electric, 2017 Nissan Leaf at participating dealerships; and the Jacksonville Electric Authority offers rebates for plug-in HEVs with a battery less than 15 kilowatt hours in capacity to receive \$500, and plug-in HEVs with larger battery capacity are eligible for \$1,000.⁹ The federal government also allows an income tax credit of up to \$7,500 for certain EVs.¹⁰

At this time, there are no commercial and/or government fleet vehicle incentive programs offered in Florida for the purchase of electric or hybrid fleet vehicles.

² For detailed information on California's Low-Emission Vehicle Program, see California Air Resources Board, *Low-Emission Vehicle Program (January 25, 2017)*, available at: <https://www.arb.ca.gov/msprog/levprog/levprog.htm> (Last visited March 13, 2019).

³ Defined in s. 316.003(95), F.S.

⁴ Section 316.0741, F.S.

⁵ Section 163.08, F.S.

⁶ Section 212.055, F.S.

⁷ Generally, a high-occupancy-vehicle lane is a lane designed for use by vehicles in which there is more than one occupant. Section 316.0741, F.S.

⁸ US Department of Energy, Alternative Fuels Data Center reports this rebate expired on July 1 of this year. See AFDC, *Expired, Repealed, and Archived Florida Incentives and Laws*, available at: https://www.afdc.energy.gov/laws/laws_expired?jurisdiction=FL (Last visited March 13, 2019).

⁹ See National Conference of State Legislatures' website for additional details on available incentives related to EVs, *State Efforts to Promote Hybrid and Electric Vehicles (September 26, 2017)*, available at: <http://www.ncsl.org/research/energy/state-electric-vehicle-incentives-state-chart.aspx#other> (Last visited March 13, 2019).

¹⁰ See Internal Revenue Service, *Plug-In Electric Drive Vehicle Credit (IRC 30D) (January 24, 2018)*, available at: <https://www.irs.gov/credits-deductions/individuals/plug-in-electric-drive-vehicle-credit-section-30d> (Last visited March 13, 2019).

Natural Gas Fuel Fleet Vehicle Rebate Program

The natural gas fuel fleet vehicle rebate program was designed to help reduce transportation costs in the state and encourage freight mobility investments that contribute to Florida's economic growth. Through this program, incentives were offered to public and private sector entities for the purchase, lease or conversion of fleet vehicles from diesel, or gasoline, to natural gas-powered vehicles. Beyond the rebates provided to qualified participants, the long-term benefits of the program included reduced fuel costs and lower vehicle emissions.

The Natural Gas Fuel Fleet Vehicle Rebate Program became effective through statute on July 1, 2013. The program accepted applications from July 1 to June 30, concurrent with the state fiscal year. The program closed on June 30, 2018. The program received 3,609 applications, of which 1,948 applications were approved for a total of \$20.9 million.¹¹

III. Effect of Proposed Changes:

Section 1 creates s. 377.813, F.S., to create an electric and hybrid fleet vehicle rebate program within the department to help reduce the state's transportation costs and to encourage freight mobility investments.

The bill defines the terms "conversion cost," "department," "electric vehicle," "eligible costs," "fleet vehicles," "hybrid vehicle," and "incremental costs."

The department would be required to award rebates for eligible costs incurred by an applicant in connection with an investment in the conversion, purchase, or lease of at least five years of an electric or hybrid fleet vehicle placed into service on or after July 1, 2019. Forty percent of the annual allocation must be reserved for governmental applicants, with the remaining funds allocated for commercial applicants. Rebates could not exceed 50 percent of the eligible costs. An applicant is eligible to receive a maximum rebate of \$25,000 per vehicle, up to a total of \$250,000 per fiscal year. Between June 1 and June 30 of each fiscal year, the department may receive additional applications from applicants who have met the program maximum of \$250,000 per fiscal year. Those applicants may apply for additional funds for vehicles that have not received a rebate for a maximum rebate of \$25,000 per vehicle, up to a total of \$250,000.

Applications for a rebate must be submitted to the department by a specified date each year, as established by department rule. The application must require:

- A complete description of all eligible costs;
- Proof of purchase of or lease of the vehicle;
- A copy of the vehicle registration certificate;
- A description of the total rebate the applicant seeks;
- An affidavit from the applicant certifying that all information contained in the application is true and correct; and
- Any other information the department deems necessary.

¹¹ See 2018 Natural Gas Fuel Fleet Vehicle Rebate Program Final Assessment, available at: <https://www.freshfromflorida.com/Divisions-Offices/Energy> (Last visited March 13, 2019).

The department is directed to adopt rules by December 31, 2019, to implement and administer the program. It must also publish on its website the amount of available funding for rebates remaining in each fiscal year.

The department must provide an annual assessment of the rebate program to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Office of Program Policy Analysis and Government Accountability. The assessment must include the:

- Name of each applicant awarded a rebate;
- Amount of the rebates awarded to each applicant;
- Type and description of each eligible vehicle; and
- Aggregate amount of funding awarded for all applicants claiming rebates.

Section 2 appropriates \$6 million in recurring funds for the natural gas fuel fleet vehicle rebate program beginning in the 2019-2020 fiscal year and each year thereafter through the 2023-2024 fiscal year.

Section 3 appropriates \$3 million in recurring funds for the electric and hybrid fleet vehicle rebate program beginning in the 2019-2020 fiscal year and each year thereafter through the 2023-2024 fiscal year.

Section 4 provides that this act shall take effect July 1, 2019.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. State Tax or Fee Increases:

None.

E. Other Constitutional Issues:

None identified.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

Sixty percent of the annual allocation, \$1.8 million, would be allocated for private sector participants in the electric and hybrid fleet vehicle rebate program. The purpose of the program is to help reduce Florida transportation costs and to encourage freight mobility investments that contribute to the state’s economic growth.

By providing monetary incentives for the adoption of natural gas as a fuel for private and public fleet vehicles, the program is expected to foster public and private sector spending in the automotive and natural gas distribution sectors, increase the financial feasibility of investments in new or retrofitted vehicles, and reduce fuel costs for private and public-sector entities.

C. Government Sector Impact:

RECURRING:

Electric and Hybrid Vehicle Fleet Rebate Program and Natural Gas Fuel Fleet Vehicle Rebate Program

The department estimates that a recurring expense of **\$63,450** associated with salary and benefits will be needed to administer each fiscal year of the programs. The estimated need of \$63,450 will be associated with staff time to provide applicant guidance, application review, monitoring, and final approval and denial procedures throughout each fiscal year of the program.

NON-RECURRING:

Electric and Hybrid Vehicle Fleet Rebate Program

Administering the electric and hybrid vehicle fleet rebate program will begin with the rulemaking process and is estimated to cost **\$12,019**.

Notices in the Florida Administrative Register	\$1,000
Staff will also hold two rule workshops across the state for stakeholder input. This will require two staff members traveling for two days at time at a rate of \$1,134.50 per staff member for two trips (\$598= airfare per person per trip, \$300= lodging, \$76.50= local transportation, \$25= incidentals and \$135= meals for two days).	\$2,269

<p>Salary and benefits for the rulemaking process: (\$3,750 associated with supervisor staff time of two weeks to provide guidance, review the proposed rules, and hold rulemaking workshops. This is an existing position currently funded by State Energy Program funds. (The yearly salary of \$90,000 is divided by 12.)) There is an estimated need of \$5,000 associated with staff time of one month to draft rules and hold rulemaking workshops. This is an existing position currently funded by State Energy Program funds. (The yearly salary of \$60,000 is divided by 12.)</p>	<p>\$8,750</p>
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VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Statutes Affected:

This bill creates section 377.813 of the Florida Statutes.

IX. Additional Information:

A. Committee Substitute – Statement of Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.