

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 1025 Government Vehicles

SPONSOR(S): Commerce Committee, Energy, Communications & Cybersecurity Subcommittee, Caruso

TIED BILLS: IDEN./SIM. **BILLS:** CS/CS/SB 284

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Energy, Communications & Cybersecurity Subcommittee	17 Y, 0 N, As CS	Walsh	Keating
2) Commerce Committee	19 Y, 0 N, As CS	Walsh	Hamon

SUMMARY ANALYSIS

Current law requires state agencies that wish to procure commodities or contractual services in excess of \$35,000 to use a competitive solicitation process. A competitive solicitation is the process of requesting and receiving two or more sealed bids, proposals, or replies submitted by responsive vendors in accordance with the terms of a competitive process.

State agencies, in many circumstances, are required to take specified actions to promote energy efficiency and other environmental benefits when conducting public business. When procuring new vehicles, state agencies, state universities, community colleges, and local governments under a state purchasing plan must first define the intended purpose for the vehicle and determine which statutorily listed use class applies. Vehicles must be selected for the greatest fuel efficiency available for the determined class when fuel economy data is available.

Under the bill, any governmental entity that purchases under the state purchasing plan must select vehicles based on the lowest lifetime ownership costs, including costs for operations, maintenance, and fuel when fuel economy data is available.

The bill provides that if a state agency purchases a vehicle with an internal combustion engine, the agency must use ethanol and biodiesel blended fuels or natural gas fuels when available. It also requires state agencies that administer central fueling operations for state-owned vehicles with internal combustion engines to procure biofuels for fleet needs to the greatest extent practicable.

The bill requires DMS to make recommendations before July 1, 2024, to state agencies, state universities, community colleges, and local governments regarding the procurement of electric vehicles, natural gas fuel vehicles, and other vehicles that are powered by renewable energy as specified in law.

The bill has no impact state or local government revenues or expenditures.

The bill provides an effective date of July 1, 2023.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Present Situation

Procurement of Commodities or Contractual Services

Current law specifies the procedures for procurement of commodities or contractual services.¹ The Department of Management Services (DMS) provides uniform commodity and contractual service procurement policies, rules, procedures, and forms for use by agencies and eligible users,² and establishes purchasing agreements and procures state term contracts for commodities and contractual services.³

DMS is required to consider the life-cycle cost of commodities purchased by the state, when applicable and feasible.⁴ When calculating the life-cycle cost, the agency may consider the acquisition cost of the product; the energy consumption and the projected cost of energy over the useful life of the product; and the anticipated trade-in, resale, or salvage value of the product.⁵ The agency is authorized to establish by rule energy-efficiency standards for major energy-consuming products.⁶

Florida law requires state agencies that wish to procure commodities or contractual services in excess of \$35,000⁷ to use a competitive solicitation process.⁸ Competitive solicitation is the process of requesting and receiving two or more sealed bids, proposals, or replies submitted by responsive vendors in accordance with the terms of a competitive process, regardless of procurement method.⁹

Commodities or contractual services available only from a single source may be exempt from the competitive solicitation requirement.¹⁰ Current law specifies the processes an agency must follow in this circumstance.¹¹

Climate-friendly Public Business

Current law requires state agencies, in many circumstances, to take specified actions to promote energy efficiency and other environmental benefits when conducting public business.¹² These actions include:

- Consulting the Florida Climate-Friendly Preferred Products List¹³ when procuring products from state term contracts¹⁴ and procuring such products if the price is comparable;¹⁵
- Contracting for meeting and conference space only with facilities that have received a special designation from the Department of Environmental Protection for best practices in water,

¹ Ch. 287, F.S.

² S. 287.032, F.S.

³ S. 287.042(2)(a), F.S.

⁴ S. 287.083(1), F.S.

⁵ S. 287.083(5), F.S.

⁶ S. 287.083(3)(a), F.S.

⁷ S. 287.017(2), F.S.

⁸ S. 287.057(1), F.S.

⁹ S. 287.012(6), F.S.

¹⁰ S. 287.057(3)(c), F.S.

¹¹ *Id.*

¹² S. 286.29, F.S.

¹³ The Florida Climate-Friendly Preferred Products List is developed by DMS, which works with the Department of Environmental Protection to continually assess the list. The list identifies specific products and vendors that offer energy efficiency or other environmental benefits over competing products. See s. 286.29(1), F.S.

¹⁴ A state term contract is a contract for commodities or contractual services that is competitively procured by DMS and is used by agencies and other eligible users. See ss. 287.012(28), F.S. and 287.042(2)(a), F.S.

¹⁵ S. 286.29(1), F.S.

energy, and waste efficiency standards, absent a determination from the agency head no other viable alternative exists;¹⁶

- Ensuring all maintained vehicles meet minimum maintenance schedules shown to reduce fuel consumption and reporting compliance to DMS;¹⁷ and
- Using ethanol and biodiesel blended fuels when available. State agencies administering central fueling operations for state-owned vehicles shall procure biofuels for fleet needs to the greatest extent practicable.¹⁸

Additionally, state agencies, state universities, community colleges, and local governments that purchase vehicles under a state purchasing plan must first define the intended purpose for the vehicle and determine which statutorily listed use class¹⁹ the vehicle is being procured for.²⁰ These vehicles must be selected for the greatest fuel efficiency available for the determined use class when fuel economy data is available.²¹ Exceptions may be made for emergency response vehicles in certain circumstances.²²

Effect of the Bill

The bill requires any governmental entity that purchases under the state purchasing plan to select vehicles for each use class based on the lowest lifetime ownership costs, including costs for operations, maintenance, and fuel when fuel economy data is available, rather than based on the greatest fuel efficiency.

The bill provides that if a state agency purchases a vehicle with an internal combustion engine, the agency must use ethanol and biodiesel blended fuels or natural gas fuels when available. It also requires state agencies that administer central fueling operations for state-owned vehicles with internal combustion engines to procure biofuels for fleet needs to the greatest extent practicable.

The bill requires DMS to make recommendations before July 1, 2024, to state agencies, state universities, community colleges, and local governments regarding the procurement of electric vehicles, natural gas fuel vehicles, and other vehicles powered by renewable energy as defined under s. 366.91(2), F.S.,²³ and the best practices for integrating those vehicles into existing fleets.

The bill provides an effective date of July 1, 2023.

B. SECTION DIRECTORY:

Section 1: Amends s. 286.29, F.S., relating to climate-friendly public business.

Section 2: Requires DMS to make specified recommendations.

Section 3: Provides an effective date of July 1, 2023.

¹⁶ S. 286.29(2), F.S.

¹⁷ S. 286.29(3), F.S.

¹⁸ S. 286.29(5), F.S.

¹⁹ Listed vehicle use classes are the following: state business travel, designated operator; state business travel, pool operators; construction, agricultural, or maintenance work; conveyance of passengers; conveyance of building or maintenance materials and supplies; off-road vehicle, motorcycle, or all-terrain vehicle; emergency response; or other. See s. 286.29(4), F.S.

²⁰ S. 286.29(4), F.S.

²¹ *Id.*

²² *Id.*

²³ Under s. 366.91(2), F.S., the term “renewable energy” means electrical energy produced from a method that uses one or more of the following fuels or energy sources: hydrogen produced or resulting from sources other than fossil fuels, biomass, solar energy, geothermal energy, wind energy, ocean energy, and hydroelectric power. The term includes the alternative energy resource, waste heat, from sulfuric acid manufacturing operations and electrical energy produced using pipeline-quality synthetic gas produced from waste petroleum coke with carbon capture and sequestration.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

On March 21, 2023, the Energy, Communications & Cybersecurity Subcommittee adopted a proposed committee substitute (PCS) and reported the bill favorably as a committee substitute. The PCS removed a provision providing a tax exemption for electric vehicle conversion components and labor and removed a provision that amends the definition of "single-trade inspection."

On April 10, 2023, the Commerce Committee adopted amendments to the bill and reported the bill favorably as a committee substitute. The amendments:

- Clarified that the evaluation of a vehicle's lifetime ownership cost must include fuel costs when fuel economy data is available.
- Required state agencies that purchase vehicles with internal combustion engines to use ethanol and biodiesel blended fuels or natural gas fuels when available.
- Added vehicles powered by renewable energy as defined in s. 366.91, F.S., to the list of vehicle types for which the DMS must make procurement recommendations to specified government entities.

This analysis is drafted to the committee substitute as passed by the Commerce Committee.