

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 1296

(SENATE AUTHORS: MITCHELL, Hauschild and Duckworth)

DATE	D-PG	OFFICIAL STATUS
02/06/2023	674	Introduction and first reading
		Referred to Energy, Utilities, Environment, and Climate
02/20/2023		Comm report: To pass as amended and re-refer to Transportation

1.1 A bill for an act

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

1.3 for state fleet; requiring certification of training of motor vehicle dealer employees;

1.4 providing rebates for electric vehicle purchases; requiring certain utilities to file

1.5 plans with the Public Utilities Commission to promote electric vehicles; awarding

1.6 grants to automobile dealers to defray cost of manufacturer certification allowing

1.7 electric vehicle sales; appropriating money; amending Minnesota Statutes 2022,

1.8 sections 16B.58, by adding a subdivision; 16C.135, subdivision 3; 16C.137,

1.9 subdivision 1; 168.27, by adding a subdivision; proposing coding for new law in

1.10 Minnesota Statutes, chapters 216B; 216C; repealing Minnesota Statutes 2022,

1.11 section 16B.24, subdivision 13.

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

1.13 Section 1. Minnesota Statutes 2022, section 16B.58, is amended by adding a subdivision

1.14 to read:

1.15 Subd. 9. **Electric vehicle charging.** A person that charges a privately owned electric

1.16 vehicle at a charging station located within the Capitol area, as defined in section 15B.02,

1.17 must pay an electric service fee established by the commissioner.

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

1.19 Sec. 2. Minnesota Statutes 2022, section 16C.135, subdivision 3, is amended to read:

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

1.21 purchasing a motor vehicle for the enterprise fleet or for use by an agency, the commissioner

1.22 or the agency shall purchase a motor vehicle that is capable of being powered by cleaner

1.23 fuels, or a motor vehicle powered by electricity or by a combination of electricity and liquid

1.24 fuel, if the total life-cycle cost of ownership is less than or comparable to that of other

2.1 ~~vehicles and if the vehicle is capable~~ the motor vehicle according to the following vehicle
 2.2 preference order:

2.3 (1) an electric vehicle;

2.4 (2) a hybrid electric vehicle;

2.5 (3) a vehicle capable of being powered by cleaner fuels; and

2.6 (4) a vehicle powered by gasoline or diesel fuel.

2.7 (b) The commissioner may only reject a vehicle that is higher on the vehicle preference
 2.8 order if:

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

2.11 (2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten
 2.12 percent higher than the next vehicle type on the vehicle preference order.

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

2.14 Sec. 3. Minnesota Statutes 2022, section 16C.137, subdivision 1, is amended to read:

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

2.18 (1) ensure that all new on-road vehicles ~~purchased~~, excluding emergency and law
 2.19 enforcement vehicles, are purchased in conformity with the vehicle preference order
 2.20 established in section 16C.135, subdivision 3;

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

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

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

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

2.28 (3) increase its use of web-based Internet applications and other electronic information
 2.29 technologies to enhance the access to and delivery of government information and services

3.1 to the public, and reduce the reliance on the department's fleet for the delivery of such
3.2 information and services.

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

3.4 Sec. 4. Minnesota Statutes 2022, section 168.27, is amended by adding a subdivision to
3.5 read:

3.6 Subd. 2a. **Dealer training; electric vehicles.** (a) A new motor vehicle dealer licensed
3.7 under this chapter that operates under an agreement or franchise from a manufacturer and
3.8 sells electric vehicles must maintain at least one employee who is certified as having
3.9 completed a training course offered by a Minnesota motor vehicle dealership association
3.10 that addresses at least the following elements:

3.11 (1) fundamentals of electric vehicles;

3.12 (2) electric vehicle charging options and costs;

3.13 (3) publicly available electric vehicle incentives;

3.14 (4) projected maintenance and fueling costs for electric vehicles;

3.15 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric
3.16 vehicles;

3.17 (6) the impacts of Minnesota's cold climate on electric vehicle operation; and

3.18 (7) best practices to sell electric vehicles.

3.19 (b) For the purposes of this section, "electric vehicle" has the meaning given in section
3.20 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

3.21 **EFFECTIVE DATE.** This section is effective January 1, 2024.

3.22 Sec. 5. **[216B.1615] ELECTRIC VEHICLE DEPLOYMENT PROGRAM.**

3.23 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have
3.24 the meanings given.

3.25 (b) "Battery exchange station" means a physical location deploying equipment that
3.26 enables a used electric vehicle battery to be removed and exchanged for a fresh electric
3.27 vehicle battery.

3.28 (c) "Electric vehicle" means any device or contrivance that transports persons or property
3.29 and is capable of being powered by an electric motor drawing current from rechargeable

4.1 storage batteries, fuel cells, or other portable sources of electricity. Electric vehicle includes
 4.2 but is not limited to:

4.3 (1) an electric vehicle, as defined in section 169.011, subdivision 26a;

4.4 (2) an electric-assisted bicycle, as defined in section 169.011, subdivision 27;

4.5 (3) an off-road vehicle, as defined in section 84.797, subdivision 7;

4.6 (4) a motorboat, as defined in section 86B.005, subdivision 9; or

4.7 (5) an aircraft, as defined in section 360.013, subdivision 37.

4.8 (d) "Electric vehicle charging station" means a physical location deploying equipment
 4.9 that:

4.10 (1) transfers electricity to an electric vehicle battery;

4.11 (2) dispenses hydrogen into an electric vehicle powered by a fuel cell;

4.12 (3) exchanges electric vehicle batteries; or

4.13 (4) provides other equipment used to charge or fuel electric vehicles.

4.14 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and any
 4.15 associated machinery, equipment, and infrastructure necessary for a public utility to supply
 4.16 electricity or hydrogen to an electric vehicle charging station and to support electric vehicle
 4.17 operation.

4.18 (f) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
 4.19 electricity through electrochemical reactions.

4.20 (g) "Government entity" means the state, a state agency, or a political subdivision, as
 4.21 defined in section 13.02, subdivision 11.

4.22 (h) "Public utility" has the meaning given in section 216B.02, subdivision 4.

4.23 Subd. 2. **Transportation electrification plan; contents.** (a) By November 1, 2023, and
 4.24 periodically as ordered by the commission, a public utility must file a transportation
 4.25 electrification plan with the commission that is designed to:

4.26 (1) maximize the overall benefits of electric vehicles and other electrified transportation
 4.27 while minimizing overall costs; and

4.28 (2) promote the:

4.29 (i) purchase of electric vehicles by the public utility's customers; and

4.30 (ii) deployment of electric vehicle infrastructure in the public utility's service territory.

5.1 (b) A transportation electrification plan may include but is not limited to the following
5.2 elements:

5.3 (1) programs to educate and increase the awareness and benefits of electric vehicles and
5.4 electric vehicle charging equipment among individuals, electric vehicle dealers, single-family
5.5 and multifamily housing developers and property management companies, building owners
5.6 and tenants, vehicle service stations, vehicle fleet owners and managers, and other potential
5.7 users of electric vehicles;

5.8 (2) utility investments to support transportation electrification across all customer classes,
5.9 including but not limited to investments to facilitate:

5.10 (i) the deployment of electric vehicles for personal and commercial use; customer-owned,
5.11 third-party-owned, and utility-owned electric vehicle charging stations; electric vehicle
5.12 infrastructure to support light-duty, medium-duty, and heavy-duty vehicle electrification;
5.13 and other electric utility infrastructure needed to support transportation electrification;

5.14 (ii) widespread access to publicly available electric vehicle charging stations; and

5.15 (iii) the electrification of public transit and vehicle fleets owned or operated by a
5.16 government entity;

5.17 (3) research and demonstration projects to increase access to electricity as a transportation
5.18 fuel, minimize the system costs of electric transportation, and inform future transportation
5.19 electrification plans;

5.20 (4) rate structures or programs that encourage electric vehicle charging that optimizes
5.21 electric grid operation, including time-varying rates and charging optimization programs;

5.22 (5) programs to increase access to the benefits of electricity as a transportation fuel for
5.23 low- or moderate-income customers and communities and in neighborhoods most affected
5.24 by transportation-related air emissions;

5.25 (6) proposals to expedite commission consideration of program adjustments requested
5.26 during the term of an approved transportation electrification plan; and

5.27 (7) proposals to share information and results from transportation electrification projects
5.28 with stakeholders to promote effective electrification in all areas of the state.

5.29 Subd. 3. **Transportation electrification plan; review and implementation.** The
5.30 commission may approve, modify, or reject a transportation electrification plan. When
5.31 reviewing a transportation electrification plan, the commission must consider whether the

6.1 programs, investments, and expenditures as a whole are reasonable and in the public interest,
6.2 and are reasonably expected to:

6.3 (1) improve the operation of the electric grid;

6.4 (2) increase access to the use of electricity as a transportation fuel for all customers,
6.5 including those in low- or moderate-income communities, rural communities, and
6.6 communities most affected by emissions from the transportation sector;

6.7 (3) increase access to publicly available electric vehicle charging and destination charging
6.8 for all types of electric vehicles;

6.9 (4) support the electrification of medium-duty and heavy-duty vehicles and associated
6.10 charging infrastructure;

6.11 (5) reduce statewide greenhouse gas emissions, as defined in section 216H.01, and
6.12 emissions of other air pollutants that impair the environment and public health;

6.13 (6) stimulate non-utility investment and the creation of skilled jobs;

6.14 (7) maximize the overall benefits of electric vehicles and other electrified transportation
6.15 investments while minimizing overall costs;

6.16 (8) educate the public about the benefits of electric vehicles and related infrastructure;

6.17 (9) be transparent and incorporate reasonable public reporting of program activities,
6.18 consistent with existing technology and data capabilities, to inform program design and
6.19 commission policy with respect to electric vehicles;

6.20 (10) reasonably balance the benefits of ratepayer funded investments in transportation
6.21 electrification against impacts on utility rates; and

6.22 (11) appropriately balance the participation of public utilities and private enterprise in
6.23 the market for transportation electrification and related services.

6.24 Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the
6.25 commission may approve, with respect to any prudent and reasonable investments made or
6.26 expenses incurred by a public utility to administer and implement a transportation
6.27 electrification plan approved under subdivision 3:

6.28 (1) performance-based incentives or penalties;

6.29 (2) placing the capital investment in the public utility's rate base and allowing the public
6.30 utility to earn a rate of return on the investment at:

7.1 (i) the public utility's average weighted cost of capital, including the rate of return on
7.2 equity, approved by the commission in the public utility's most recent general rate case; or

7.3 (ii) another rate determined by the commission; or

7.4 (3) any other recovery mechanism that the commission determines is fair, reasonable,
7.5 and supports the objectives of this section.

7.6 (b) Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the
7.7 commission must approve recovery costs for expenses reasonably incurred by a public
7.8 utility to provide public advertisement as part of a transportation electrification plan approved
7.9 by the commission under subdivision 3.

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

7.11 Sec. 6. **[216C.401] ELECTRIC VEHICLE REBATES.**

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

7.14 (b) "Dealer" means a person, firm, or corporation that:

7.15 (1) possesses a new motor vehicle license under chapter 168;

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

7.18 (3) has an established place of business to sell, trade, and display new and unused motor
7.19 vehicles; and

7.20 (4) possesses new and unused motor vehicles to sell or trade the motor vehicles.

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

7.23 (d) "Eligible new electric vehicle" means an electric vehicle that meets the requirements
7.24 of subdivision 2, paragraph (a).

7.25 (e) "Eligible used electric vehicle" means an electric vehicle that meets the requirements
7.26 of subdivision 2, paragraph (b).

7.27 (f) "Lease" means a business transaction under which a dealer furnishes an eligible
7.28 electric vehicle to a person for a fee under a bailor-bailee relationship where no incidences
7.29 of ownership transferred, other than the right to use the vehicle for a term of at least 24
7.30 months.

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

8.2 (h) "New eligible electric vehicle" means an eligible electric vehicle that has not been
8.3 registered in any state.

8.4 Subd. 2. **Eligible vehicle.** (a) A new electric vehicle is eligible for a rebate under this
8.5 section if the electric vehicle:

8.6 (1) has a base manufacturer's suggested retail price that does not exceed \$60,000;

8.7 (2) has not been previously owned;

8.8 (3) has not been modified from the original manufacturer's specifications;

8.9 (4) is purchased or leased from a dealer or directly from an original equipment

8.10 manufacturer that does not have licensed franchised dealers in Minnesota; and

8.11 (5) is purchased or leased after the effective date of this act for use by the purchaser and
8.12 not for resale.

8.13 (b) A used electric vehicle is eligible for an electric vehicle rebate under this section if
8.14 the electric vehicle had a base manufacturer's suggested retail price that did not exceed
8.15 \$60,000 when purchased, has previously been owned in Minnesota or another state, and
8.16 has not been modified from the original manufacturer's specifications.

8.17 (c) For purposes of paragraph (a), a vehicle has not been previously owned if it:

8.18 (1) is used by a dealer as a floor model or test drive vehicle and has not been previously
8.19 registered in Minnesota or any other state prior to purchase or lease; or

8.20 (2) is returned to a dealer by a purchaser or lessee:

8.21 (i) within two weeks of purchase or leasing or when a purchaser's or lessee's financing
8.22 for the electric vehicle has been disapproved; or

8.23 (ii) before the purchaser or lessee takes delivery, even if the electric vehicle is registered
8.24 in Minnesota.

8.25 Subd. 3. **Eligible purchaser or lessee.** A person who purchases or leases an eligible
8.26 new or used electric vehicle is eligible for a rebate under this section if the purchaser or
8.27 lessee:

8.28 (1) is one of the following:

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

- 9.1 (ii) a business that has a valid address in Minnesota from which business is conducted;
9.2 (iii) a nonprofit corporation incorporated under chapter 317A; or
9.3 (iv) a political subdivision of the state;
9.4 (2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle
9.5 from the state of Minnesota; and
9.6 (3) registers the electric vehicle in Minnesota.

9.7 Subd. 4. **Rebate amounts.** (a) A \$2,500 rebate may be issued under this section to an
9.8 eligible purchaser to purchase or lease an eligible new electric vehicle.

9.9 (b) A \$500 rebate may be issued under this section to an eligible purchaser or lessee of
9.10 an eligible used electric vehicle.

9.11 (c) A purchaser or lessee whose household income at the time the eligible electric vehicle
9.12 is purchased or leased is less than 150 percent of the current federal poverty guidelines
9.13 established by the Department of Health and Human Services is eligible for a rebate of \$500
9.14 for the purchase or lease of an eligible new electric vehicle and \$100 for the purchase or
9.15 lease of an eligible used electric vehicle. The rebate under this paragraph is in addition to
9.16 the rebate under paragraph (a) or (b), as applicable.

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

- 9.18 (1) no more than one rebate per resident; and
9.19 (2) no more than one rebate per business entity per year.

9.20 Subd. 6. **Program administration.** (a) A rebate application under this section must be
9.21 filed with the commissioner on a form developed by the commissioner.

9.22 (b) The commissioner must develop administrative procedures governing the application
9.23 and rebate award process. Applications must be reviewed and rebates awarded by the
9.24 commissioner on a first-come, first-served basis.

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

9.29 (d) The commissioner may reduce the rebate amounts provided under subdivision 4 or
9.30 restrict program eligibility based on the availability of money to award rebates or other
9.31 factors.

10.1 Subd. 7. **Expiration.** This section expires June 30, 2027.

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

10.3 Sec. 7. **[216C.402] GRANT PROGRAM; MANUFACTURERS' CERTIFICATION**
 10.4 **OF AUTO DEALERS TO SELL ELECTRIC VEHICLES.**

10.5 Subdivision 1. **Establishment.** A grant program is established in the department to
 10.6 award grants to dealers to offset the costs of obtaining the necessary training and equipment
 10.7 that is required by electric vehicle manufacturers in order to certify a dealer to sell electric
 10.8 vehicles produced by the manufacturer.

10.9 Subd. 2. **Application.** An application for a grant under this section must be made to the
 10.10 commissioner on a form developed by the commissioner. The commissioner must develop
 10.11 administrative procedures and processes to review applications and award grants under this
 10.12 section.

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

10.16 Subd. 4. **Eligible expenditures.** Appropriations made to support the activities of this
 10.17 section must be used only to reimburse:

10.18 (1) a dealer for the reasonable costs to obtain training and certification for the dealer's
 10.19 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

10.20 (2) a dealer for the reasonable costs to purchase and install equipment to service and
 10.21 repair electric vehicles, as required by the electric vehicle manufacturer that awarded the
 10.22 franchise to the dealer; and

10.23 (3) the department for the reasonable costs to administer this section.

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

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

10.27 Sec. 8. **APPROPRIATION.**

10.28 (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
 10.29 \$10,000,000 in fiscal year 2024 is appropriated from the renewable development account
 10.30 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
 10.31 to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes,

11.1 section 216C.401. Rebates must be awarded under this paragraph only to eligible purchasers
11.2 located within the retail electric service area of the public utility that is subject to Minnesota
11.3 Statutes, section 116C.779.

11.4 (b) \$10,000,000 in fiscal year 2024 is appropriated from the general fund to the
11.5 commissioner of commerce to award rebates to purchase or lease eligible electric vehicles
11.6 under Minnesota Statutes, section 216C.401. Rebates must be awarded under this paragraph
11.7 only to eligible purchasers located outside the retail electric service area of the public utility
11.8 that is subject to Minnesota Statutes, section 116C.779.

11.9 (c) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
11.10 \$2,000,000 in fiscal year 2024 is appropriated from the renewable development account
11.11 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
11.12 to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking
11.13 certification from an electric vehicle manufacturer to sell electric vehicles. Rebates must
11.14 only be awarded under this paragraph to eligible dealers located within the retail electric
11.15 service area of the public utility that is subject to Minnesota Statutes, section 116C.779.

11.16 (d) \$2,000,000 in fiscal year 2024 is appropriated from the general fund to the
11.17 commissioner of commerce to award grants under Minnesota Statutes, section 216C.402,
11.18 to automobile dealers seeking certification to sell electric vehicles. Rebates must only be
11.19 awarded under this paragraph to eligible dealers located outside the retail electric service
11.20 area of the public utility that is subject to Minnesota Statutes, section 116C.779.

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

11.22 Sec. 9. **REPEALER.**

11.23 Minnesota Statutes 2022, section 16B.24, subdivision 13, is repealed.

16B.24 GENERAL AUTHORITY.

Subd. 13. **Electric vehicle charging.** The commissioner shall require that a user of a charging station located on the State Capitol complex used to charge a private electric vehicle pay an electric service fee. The commissioner shall set the electric service fee rate to cover the electricity costs for charging an electric vehicle and for the administrative costs associated with providing electric charging stations.