

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 1684

(SENATE AUTHORS: SENJEM)

DATE
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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 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 2020,
1.8 sections 16B.24, 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.

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

1.12 Section 1. Minnesota Statutes 2020, section 16B.24, is amended by adding a subdivision
1.13 to read:

1.14 Subd. 13. **Electric vehicle charging.** The commissioner must require a person charging
1.15 a privately owned electric vehicle at a charging station located within the State Capitol area
1.16 to pay for the electricity consumed by the electric vehicle. For the purposes of this section,
1.17 "State Capitol area" has the meaning given in section 15B.02.

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

1.19 Sec. 2. Minnesota Statutes 2020, 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 central motor pool or for use by an agency, the
1.22 commissioner or the agency shall purchase a motor vehicle that is capable of being powered
1.23 by cleaner fuels, or a motor vehicle powered by electricity or by a combination of electricity

2.1 ~~and liquid fuel, if the total life-cycle cost of ownership is less than or comparable to that of~~
 2.2 ~~other vehicles and if the vehicle is capable~~ according to the following preferences, in 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 more-preferred vehicle type if:

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

2.9 or

2.10 (2) the total life-cycle cost of ownership of a preferred vehicle type is more than ten

2.11 percent higher than the next lower preference vehicle type.

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

2.13 Sec. 3. Minnesota Statutes 2020, section 16C.137, subdivision 1, is amended to read:

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

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

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

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

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

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

2.27 (3) increase its use of web-based Internet applications and other electronic information
 2.28 technologies to enhance the access to and delivery of government information and services
 2.29 to the public, and reduce the reliance on the department's fleet for the delivery of such
 2.30 information and services.

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

3.2 Sec. 4. Minnesota Statutes 2020, section 168.27, is amended by adding a subdivision to
3.3 read:

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

3.9 (1) fundamentals of electric vehicles;

3.10 (2) electric vehicle charging options and costs;

3.11 (3) publicly available electric vehicle incentives;

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

3.13 (5) reduced tailpipe emissions, including greenhouse gas emissions, produced by electric
3.14 vehicles;

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

3.16 (7) best practices to sell electric vehicles.

3.17 (b) For the purposes of this section, "electric vehicle" has the meaning given in section
3.18 169.011, subdivision 26a, paragraphs (a) and (b), clause (3).

3.19 **EFFECTIVE DATE.** This section is effective January 1, 2022.

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

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

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

3.26 (c) "Electric vehicle" has the meaning given in section 169.011, subdivision 26a.

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

3.29 (1) transfers electricity to an electric vehicle battery; or

4.1 (2) dispenses hydrogen, produced by electrolysis, into an electric vehicle that uses a fuel
4.2 cell to convert the hydrogen to electricity.

4.3 (e) "Electric vehicle infrastructure" means electric vehicle charging stations and battery
4.4 exchange stations, and any associated machinery, equipment, and infrastructure necessary
4.5 to support the operation of electric vehicles and to make electricity from a public utility's
4.6 electric distribution system available to electric vehicle charging stations or battery exchange
4.7 stations.

4.8 (f) "Electrolysis" means the process of using electricity to split water into hydrogen and
4.9 oxygen.

4.10 (g) "Fuel cell" means a cell that converts the chemical energy of hydrogen directly into
4.11 electricity through electrochemical reactions.

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

4.13 Subd. 2. **Transportation electrification plan; contents.** (a) By June 1, beginning in
4.14 2022 and every three years thereafter, a public utility serving retail electric customers in a
4.15 city of the first class, as defined in section 410.01, must file a transportation electrification
4.16 plan with the commission that is designed to maximize the overall benefits of electrified
4.17 transportation while minimizing overall costs and to promote:

4.18 (1) the purchase of electric vehicles by the public utility's customers; and

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

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

4.22 (1) programs to educate and increase the awareness and benefits of electric vehicles and
4.23 electric vehicle charging equipment to potential users and deployers, including individuals,
4.24 electric vehicle dealers, single-family and multifamily housing developers and property
4.25 management companies, and vehicle fleet managers;

4.26 (2) utility investments and incentives to facilitate the deployment of electric vehicles,
4.27 customer- or utility-owned electric vehicle charging stations, electric vehicle infrastructure,
4.28 and other electric utility infrastructure;

4.29 (3) research and demonstration projects to publicize and measure the value electric
4.30 vehicles provide to the electric grid;

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

5.4 (5) programs to increase access to the benefits of electricity as a transportation fuel by
 5.5 low-income customers and communities, including the installation of electric vehicle
 5.6 infrastructure in neighborhoods with a high proportion of low- or moderate-income
 5.7 households, the deployment of electric vehicle infrastructure in community-based locations
 5.8 or multifamily residences, car share programs, and electrification of public transit vehicles.

5.9 (c) A public utility must give priority under this section to making investments in
 5.10 communities whose governing body has enacted a resolution or goal supporting electric
 5.11 vehicle adoption.

5.12 (d) A public utility must work with local communities to identify suitable high-density
 5.13 locations, consistent with a community's local development plans, where electric vehicle
 5.14 infrastructure may be strategically deployed.

5.15 **Subd. 3. Transportation electrification plan; review and implementation.** The
 5.16 commission must review a transportation electrification plan filed under this section within
 5.17 180 days of receiving it. The commission may approve, modify, or reject a transportation
 5.18 electrification plan. When reviewing a public utility's transportation electrification plan, the
 5.19 commission must consider whether the programs and expenditures:

5.20 (1) improve electric grid operation and the integration of renewable energy sources;

5.21 (2) increase access to the benefits of electricity as a transportation fuel in low-income
 5.22 and rural communities;

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

5.25 (4) stimulate private capital investment and the creation of skilled jobs as a consequence
 5.26 of widespread electric vehicle deployment;

5.27 (5) educate potential customers about the benefits of electric vehicles;

5.28 (6) support increased consumer choice with respect to electrical vehicle charging options
 5.29 and related infrastructure; and

5.30 (7) are transparent and incorporate sufficient and frequent public reporting of program
 5.31 activities to facilitate changes in program design and commission policy with respect to
 5.32 electric vehicles.

6.1 Subd. 4. **Cost recovery.** (a) Notwithstanding any other provision of this chapter, the
6.2 commission may approve, with respect to any prudent and reasonable investment made by
6.3 a public utility to administer and implement a transportation electrification plan approved
6.4 under subdivision 3:

6.5 (1) a rider or other tariff mechanism for the automatic annual adjustment of charges;

6.6 (2) performance-based incentives; or

6.7 (3) placing the investment, including rebates, in the public utility's rate base and allowing
6.8 the public utility to earn a rate of return on the investment at (i) the public utility's average
6.9 weighted cost of capital, including the rate of return on equity, approved by the commission
6.10 in the public utility's most recent general rate case, or (ii) another rate determined by the
6.11 commission.

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

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

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

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

6.20 (b) "Dealer" means a person, firm, or corporation that possesses a new motor vehicle
6.21 license under chapter 168 and:

6.22 (1) regularly engages in the business of manufacturing or selling, purchasing, and
6.23 generally dealing in new and unused motor vehicles;

6.24 (2) has an established place of business to sell, trade, and display new and unused motor
6.25 vehicles; and

6.26 (3) possesses new and unused motor vehicles to sell or trade the motor vehicles.

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

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

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

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

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

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

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

7.12 (1) has not been previously owned;

7.13 (2) is used by a dealer as a floor model or test drive vehicle and has not been previously
7.14 registered in Minnesota or any other state;

7.15 (3) is returned to a dealer by a purchaser or lessee:

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

7.18 (ii) before the purchaser or lessee takes delivery, even if the electric vehicle is registered
7.19 in Minnesota;

7.20 (4) has not been modified from the original manufacturer's specifications;

7.21 (5) has a base manufacturer's suggested retail price not exceeding \$60,000;

7.22 (6) is purchased or leased from a dealer or directly from an original equipment
7.23 manufacturer that does not have licensed franchised dealers in Minnesota; and

7.24 (7) is purchased or leased after the effective date of this act for use by the purchaser and
7.25 not for resale.

7.26 (b) A used electric vehicle is eligible for an electric vehicle rebate under this section if
7.27 the electric vehicle has previously been owned in this state or another state and has not been
7.28 modified from the original manufacturer's specifications.

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

8.1 (1) is one of the following:

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

8.4 (ii) a business that has a valid address in Minnesota from which business is conducted;

8.5 (iii) a nonprofit corporation incorporated under chapter 317A; or

8.6 (iv) a political subdivision of the state;

8.7 (2) has not received a rebate or tax credit for the purchase or lease of an electric vehicle
8.8 from Minnesota; and

8.9 (3) registers the electric vehicle in Minnesota.

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

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

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

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

8.21 (1) no more than one rebate per resident per household; and

8.22 (2) no more than one rebate per business entity per year.

8.23 Subd. 6. **Program administration.** (a) Rebate applications under this section must be
8.24 filed with the commissioner on a form developed by the commissioner.

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

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

9.1 (d) The commissioner may reduce the rebate amounts provided under subdivision 4 or
9.2 restrict program eligibility based on fund availability or other factors.

9.3 Subd. 7. **Expiration.** This section expires June 30, 2025.

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

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

9.7 Subdivision 1. **Establishment.** A grant program is established in the Department of
9.8 Commerce to award grants to dealers to offset the costs of obtaining the necessary training
9.9 and equipment that is required by electric vehicle manufacturers in order to certify a dealer
9.10 to sell electric vehicles produced by the manufacturer.

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

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

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

9.20 (1) a dealer for the reasonable costs of obtaining training and certification for the dealer's
9.21 employees from the electric vehicle manufacturer that awarded the franchise to the dealer;

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

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

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

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

10.1 Sec. 8. **APPROPRIATION.**

10.2 (a) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
10.3 \$10,000,000 in fiscal year 2022 is appropriated from the renewable development account
10.4 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
10.5 to award rebates to purchase or lease eligible electric vehicles under Minnesota Statutes,
10.6 section 216C.401. Rebates may be awarded under this paragraph only to eligible purchasers
10.7 located within the retail electric service area of the public utility that is subject to Minnesota
10.8 Statutes, section 116C.779.

10.9 (b) \$10,000,000 in fiscal year 2022 is appropriated from the general fund to the
10.10 commissioner of commerce to award rebates to purchase or lease eligible electric vehicles
10.11 under Minnesota Statutes, section 216C.401. Rebates may be awarded under this paragraph
10.12 only to eligible purchasers located outside the retail electric service area of the public utility
10.13 that is subject to Minnesota Statutes, section 116C.779.

10.14 (c) Notwithstanding Minnesota Statutes, section 116C.779, subdivision 1, paragraph (j),
10.15 \$2,000,000 in fiscal year 2022 is appropriated from the renewable development account
10.16 under Minnesota Statutes, section 116C.779, subdivision 1, to the commissioner of commerce
10.17 to award grants under Minnesota Statutes, section 216C.402, to automobile dealers seeking
10.18 certification from an electric vehicle manufacturer to sell electric vehicles. Rebates may
10.19 only be awarded under this paragraph to eligible dealers located within the retail electric
10.20 service area of the public utility that is subject to Minnesota Statutes, section 116C.779.

10.21 (d) \$2,000,000 in fiscal year 2022 is appropriated from the general fund to the
10.22 commissioner of commerce to award grants under Minnesota Statutes, section 216C.402,
10.23 to automobile dealers seeking certification to sell electric vehicles. Rebates may only be
10.24 awarded under this paragraph to eligible dealers located outside the retail electric service
10.25 area of the public utility that is subject to Minnesota Statutes, section 116C.779.

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