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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 3595

03/24/2016 Authored by Howe

The bill was read for the first time and referred to the Committee on Commerce and Regulatory Reform

1.1 A bill for an act
1.2 relating to motor vehicles; providing rebates for natural gas vehicles and fueling
1.3 stations; establishing a rebate program with the Department of Commerce;
1.4 appropriating money.

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

1.6 Section 1. NATURAL GAS VEHICLE AND FUELING STATION REBATE
1.7 PROGRAM.

1.8 Subdivision 1. Establishment. (a) The commissioner of commerce, in collaboration
1.9 with a nonprofit entity with grant administration experience, shall administer and provide
1.10 the rebates under this section.

1.11 (b) No later than October 1, 2016, the Department of Commerce shall implement
1.12 written policies and procedures, and have the required rebate forms available, to exercise
1.13 the authority under this section. The policies and procedures must include a mechanism
1.14 for an applicant to receive provisional approval of a rebate for a period of time deemed
1.15 appropriate by the commissioner.

1.16 Subd. 2. Definitions. (a) For the purposes of this section, the following terms
1.17 have the meanings given.

1.18 (b) "Natural gas vehicle" means a motor vehicle capable of using compressed natural
1.19 gas or liquefied natural gas as a motor fuel.

1.20 (c) "Incremental cost" means the cost to convert a conventional vehicle, or the
1.21 difference between the cost of a natural gas vehicle and the cost of the same or similar
1.22 motor vehicle, manufactured to operate exclusively on gasoline or diesel fuel.

1.23 (d) "Fueling Station" means a governmental unit fleet service or retail station at a
1.24 publicly accessible, fixed location intended for use in fueling natural gas vehicles.

2.1 (e) "Light-duty vehicle" means passenger cars and Class 1, 2, and 3 trucks with a
 2.2 gross vehicle weight rating up to 14,000 pounds.

2.3 (f) "Medium-duty vehicle" means Class 4, 5, and 6 trucks with a gross vehicle
 2.4 weight rating of 14,001 pounds to 26,000 pounds.

2.5 (g) "Heavy-duty vehicle" means Class 7 and 8 trucks with a gross vehicle weight
 2.6 rating of 26,001 pounds or greater.

2.7 (h) "High-horsepower machine" means heavy-duty off-road and heavy-duty
 2.8 equipment, including but not limited to excavators, mining trucks, locomotives, and
 2.9 marine applications.

2.10 Subd. 3. **Rebate eligibility.** (a) Minnesota residents, governmental units, and
 2.11 business entities, including but not limited to state agencies, transit authorities, school
 2.12 districts, municipalities, counties, convenience stores, waste disposal companies, or
 2.13 other truck fleets with public access pumps that purchase a natural gas vehicle, convert
 2.14 a conventional vehicle to use natural gas, or purchase and install a fueling station are
 2.15 eligible for a rebate under this section.

2.16 (b) Vehicle conversions must be compliant with Natural Fire Protection Association
 2.17 (NFPA) 52 Vehicular Gaseous Fuel Systems Code standards, and must be installed by
 2.18 a certified and insured installer.

2.19 (c) Vehicles must be part of a public, nonprofit, or private fleet that is (1) domiciled
 2.20 in or near Minnesota, and (2) operated predominately in Minnesota.

2.21 (d) Fueling stations must be located in Minnesota.

2.22 (e) The following expenses are eligible for a rebate:

2.23 (1) the incremental cost of an original equipment manufacturer (OEM) natural gas
 2.24 vehicle purchased;

2.25 (2) the incremental cost to convert a conventional vehicle to a natural gas vehicle; and

2.26 (3) the cost of fueling station equipment, including construction and installation costs.

2.27 Subd. 4. **Rebate amounts.** Rebates under this section may be issued for:

2.28 (1) no more than 50 percent of the incremental cost of a light-duty vehicle, not
 2.29 to exceed \$5,000;

2.30 (2) no more than 50 percent of the incremental cost of a medium-duty vehicle, not
 2.31 to exceed \$8,000;

2.32 (3) no more than 50 percent of the incremental cost of a heavy-duty vehicle, not
 2.33 to exceed \$20,000;

2.34 (4) no more than 50 percent of the incremental cost of a high-horsepower machine,
 2.35 not to exceed \$50,000; and

3.1 (5) no more than 50 percent of the cost of a new fueling station, not to exceed
3.2 \$400,000.

3.3 Subd. 5. **Maximum rebate allowed.** (a) The maximum number of rebates allowed
3.4 under this section are as follows:

3.5 (1) no more than one rebate per resident household for a passenger car or light-duty
3.6 vehicle;

3.7 (2) no more than \$100,000 for light-duty vehicles per business entity or
3.8 governmental unit per year;

3.9 (3) no more than \$300,000 for medium-duty vehicles per business entity or
3.10 governmental unit per year;

3.11 (4) no more than \$500,000 for heavy-duty vehicles per business entity or
3.12 governmental unit per year;

3.13 (5) no more than \$500,000 for high-horsepower machines per business entity or
3.14 governmental unit per year; and

3.15 (6) no more than three fueling station rebates per business entity or governmental
3.16 unit per year.

3.17 (b) The maximum rebate amount allowed under paragraph (a) to a single business
3.18 entity or governmental unit for all vehicle types is \$500,000.

3.19 Subd. 6. **Appropriation.** (a) \$5,500,000 in fiscal year 2017 is appropriated from the
3.20 general fund to the commissioner of commerce for the purposes of the rebate program
3.21 under this section.

3.22 (b) The appropriation under paragraph (a) shall be expended as follows:

3.23 (1) \$3,500,000 for natural gas vehicle rebates and high-horsepower machines; and

3.24 (2) \$2,000,000 for new natural gas fueling station rebates.

3.25 (c) Notwithstanding Minnesota Statutes, section 16A.28, the appropriation in this
3.26 subdivision is available until expended.