

## Department of Planning and Budget 2022 Fiscal Impact Statement

**1. Bill Number:** SB575

**House of Origin**     Introduced         Substitute         Engrossed  
**Second House**     In Committee     Substitute         Enrolled

**2. Patron:**        Mason

**3. Committee:** Passed Both Houses

**4. Title:**        Department of General Services; state fleet managers to use total cost of ownership calculations.

**5. Summary:** The bill stipulates that it is the policy of the Commonwealth to encourage and promote the use of cost-effective vehicles by considering the total cost of ownership by agencies of the Commonwealth. The bill directs the Department of General Services (DGS) to identify a publicly available total cost of ownership calculator by October 1, 2022 and that beginning on January 1, 2023, DGS and all agencies of the Commonwealth shall use the calculator prior to purchasing or leasing any light-duty motor vehicles. The bill defines light-duty vehicles as those with a gross weight of 14,000 pounds or less. The bill requires agencies to purchase or lease a light-duty electric vehicle unless the calculator clearly indicates the purchasing or leasing a light-duty internal combustion-engine vehicle has a lower cost of ownership. The bill stipulates the minimum requirements for the calculator. The bill also requires the Department to provide technical assistance to all public bodies in the use of such calculators and to report certain vehicle procurement information to the Governor and General Assembly every three years. The initial triennial report required by the bill has a due date of January 1, 2026. Emergency vehicles and any vehicles used by an agency of the Commonwealth in law-enforcement, incident response, or other emergency response activities are exempt from these requirements and DGS may authorize other exemptions from these requirements upon finding that an electric vehicle is not practicable. The bill also includes an enactment clause directing the Public Body Procurement Workgroup to evaluate the appropriateness of extending the requirements of the bill to medium-duty or heavy-duty vehicles. The Workgroup's findings and recommendations are due on December 1, 2022.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate – see Item 8.

**8. Fiscal Implications:** The fiscal impacts of this legislation are indeterminate. The bill directs DGS to identify a publicly available total cost of vehicle ownership calculator and that all agencies of the Commonwealth shall use that calculator. To the extent that “publicly available” means that agencies could use the calculator free of charge, there would be no fiscal impact for that provision. If there is not a calculator available that meets the criteria set

forth in the bill that is free for use, DGS or agencies may have additional costs such as subscription fees or software purchase costs.

Agencies would be required to purchase or lease an electric vehicle (EV) unless the calculator clearly indicates that purchasing or leasing an internal combustion-engine vehicle (ICEV) has a lower cost of ownership. To the extent that more EVs are purchased and that the calculator's estimates align with actual costs incurred and avoided over the life of the vehicle, this provision could lead to savings over time. The actual amount of savings would depend on the actual costs incurred over the life of vehicles and are indeterminate at this time.

While vehicle related costs could potentially be lower over time, this legislation may result in agencies incurring a larger portion of the total cost of ownership upfront. For example, costs would be incurred near the beginning of the vehicle ownership if an agency needs to add charging stations or make updates to their electric grid to support the charging stations. These costs could be potentially offset by fuel savings over the rest of the vehicle life, but agencies in this situation may require additional one-time resources to facilitate these infrastructure costs. DGS notes that such infrastructure updates may require consultation and approval from the Department of Environmental Quality and the Division of Engineering and Buildings.

The bill requires DGS to produce a report once every three years, beginning January 1, 2026, to the Governor and the General Assembly to summarize agency vehicle procurements, including information such as vehicle size, fuel source, and the total estimated cost savings and avoided emissions attributable to purchasing or leasing EVs instead of ICEVs. DGS may incur some additional administrative costs to produce this report, but such costs are currently considered absorbable.

The evaluation by the Public Body Procurement Workgroup is not expected to generate a fiscal impact.

**9. Specific Agency or Political Subdivisions Affected:** Department of General Services, all agencies of the Commonwealth which purchases vehicles

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.

Date: March 10, 2022  
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