

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

S.F. No. 3189

(SENATE AUTHORS: MORRISON)

DATE
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D-PG
2808 Introduction and first reading
Referred to Transportation

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to transportation; establishing a medium- and heavy-duty zero-emission
1.3 vehicle grant program; authorizing rulemaking; requiring reports; appropriating
1.4 money.

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

1.6 Section 1. **MEDIUM- AND HEAVY-DUTY ZERO-EMISSION VEHICLE PILOT**
1.7 **PROGRAM.**

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

1.10 (b) "Applicant" means any business that purchases or leases an eligible medium- or
1.11 heavy-duty zero-emission vehicle and applies for a grant under the pilot program.

1.12 (c) "Commissioner" means the commissioner of commerce.

1.13 (d) "Environmental justice area" means a census tract or tracts:

1.14 (1) wherein at least 40 percent of people reported income less than 200 percent of the
1.15 federal poverty level;

1.16 (2) wherein at least 45 percent of the people identify as people of color in the most recent
1.17 data from the United States Census Bureau; or

1.18 (3) located in Indian country, as defined in United States Code, title 18, section 1151.

1.19 (e) "Grant" means either:

1.20 (1) a voucher purchase incentive, which may include point-of-sale discounts offered by
1.21 a zero-emission vehicle dealer; or

2.1 (2) reimbursement paid to the applicant for replacement of a diesel vehicle with the
2.2 purchase of a zero-emission vehicle eligible under this section.

2.3 (f) "Heavy-duty vehicles" means commercial trucks used to deliver cargo and freight
2.4 with a gross vehicle weight rating of greater than 33,000 pounds.

2.5 (g) "Medium-duty vehicles" means commercial trucks used to deliver cargo and freight
2.6 with a gross vehicle weight rating between 14,001 and 33,000 pounds.

2.7 (h) "Zero-emission vehicle" means either:

2.8 (1) an all-electric vehicle, as defined by Minnesota Statutes, section 169.011, subdivision
2.9 1a; or

2.10 (2) a vehicle that produces no emissions of pollutants, including but not limited to carbon
2.11 dioxide, carbon monoxide, hydrocarbons, oxides of nitrogen, and particulates, when
2.12 stationary or operating.

2.13 Subd. 2. **Authorization.** The commissioner must establish a pilot program to award
2.14 competitive grants to qualifying purchasers of certain medium- and heavy-duty zero-emission
2.15 vehicles. The commissioner may work with the commissioner of transportation to develop
2.16 the pilot program and determine the qualifying medium- and heavy-duty zero-emission
2.17 vehicles. The purpose of the pilot program is to demonstrate real-world fleet applications
2.18 of medium- and heavy-duty zero-emission vehicles' operation and performance in Minnesota
2.19 across a variety of classifications, weights, geographical location, and uses.

2.20 Subd. 3. **Goals.** The goals of the pilot program are to:

2.21 (1) support the early commercial deployment of existing medium- and heavy-duty zero-
2.22 and near-zero-emission truck technology;

2.23 (2) support Minnesota businesses in achieving their voluntary decarbonization goals;

2.24 (3) promote greater commercial shipping and trucking efficiencies and the reduction of
2.25 freight and shipping costs;

2.26 (4) test the viability of a statewide, permanent adoption of a grant and voucher program
2.27 for medium- and heavy-duty zero- and near-zero-emission truck technology;

2.28 (5) study adoption patterns in greater Minnesota regions such as the Iron Range, northern
2.29 Minnesota, and southern Minnesota; and

2.30 (6) promote access to medium- and heavy-duty zero- and near-zero-emission vehicles
2.31 in environmental justice areas.

3.1 Subd. 4. Eligibility. (a) To receive a grant under this section, applicants must have a
3.2 physical business location or be domiciled in Minnesota from which the medium- and
3.3 heavy-duty zero-emission vehicles operate. Before the commissioner approves a grant
3.4 application, the applicant must provide proof to the commissioner that the applicant's
3.5 commercial diesel vehicles are decommissioned and no longer in use. An applicant awarded
3.6 grant funds must operate the medium- or heavy-duty zero-emission vehicle for three years
3.7 in Minnesota after receiving the funds. Applicants must maintain insurance on any vehicle
3.8 awarded grant funds under this section.

3.9 (b) Grants awarded under this section must be awarded as follows:

3.10 (1) ... percent to an agricultural facility delivering goods in intrastate commerce;

3.11 (2) ... percent to businesses owning and operating medium- or heavy-duty diesel vehicles
3.12 in environmental justice areas; and

3.13 (3) ... percent to freight or delivery services originating or operating within northern
3.14 Minnesota or the Iron Range.

3.15 (c) Awarded grants must replace at least 30 percent of the applicant's medium- and
3.16 heavy-duty diesel fleet with medium- and heavy-duty zero-emission vehicles of similar
3.17 class and vocation. Successful applicants may use up to \$150,000 of the grant to purchase
3.18 high-speed charging infrastructure. Applicants must enroll in the reporting program and
3.19 utilize the data acquisition system described in paragraph (f).

3.20 (d) The following vehicles are not eligible for grants under this section:

3.21 (1) vehicles previously registered in any other state;

3.22 (2) preowned vehicles; and

3.23 (3) noncommercial vehicles or vehicles for personal use.

3.24 Applicants must not make or allow any modifications to the vehicle's emissions control
3.25 system, hardware, software calibration, or hybrid system.

3.26 (e) Eligible vehicles are to be determined by the commissioners of commerce and
3.27 transportation. Only vehicles approved by the commissioners are eligible for a grant under
3.28 this section. The commissioners must describe the minimum criteria for vehicles to obtain
3.29 grant eligibility. The commissioners must publish the list of eligible medium- and heavy-duty
3.30 zero-emission vehicles.

4.1 (f) All vehicles eligible for grants under this section must be equipped with a data
4.2 acquisition system capable of collecting vehicle global positioning system data and vehicle
4.3 mileage.

4.4 (g) Each vehicle manufacturer must provide quarterly reports to the grantee for each
4.5 funded vehicle. The quarterly reports must include the hours and percentage of total time
4.6 when the vehicle is operated, the total miles traveled, and geographic data on where the
4.7 vehicle was operated. Applicants who do not submit reports under subdivision 7 may be
4.8 prohibited from future pilot program participation.

4.9 Subd. 5. **Grants.** The commissioner, in consultation with the commissioner of
4.10 transportation, must develop an application process for and award onetime state-funded
4.11 grants to eligible applicants for purchase of medium- and heavy-duty zero-emission vehicles.
4.12 An eligible applicant must meet the requirements set forth in subdivision 4 and submit any
4.13 documentation as required by the commissioner. Once an applicant's application is approved,
4.14 grant funds are to be used to purchase and order an eligible medium- or heavy-duty
4.15 zero-emission vehicle. Funds must be disbursed to the applicant within 21 days of the
4.16 commissioner approving the application.

4.17 Subd. 6. **Rulemaking.** The commissioner shall adopt rules to implement the provisions
4.18 of this section. For the purposes of this section, the commissioner may use the expedited
4.19 rulemaking process under Minnesota Statutes, section 14.389.

4.20 Subd. 7. **Report.** (a) Within six months after the pilot program has concluded, or by
4.21 January 1, 2025, whichever is earlier, the commissioners of commerce and transportation
4.22 must submit a report on the medium- and heavy-duty zero-emission vehicle pilot program
4.23 to the chairs and ranking members of the legislative committees having jurisdiction over
4.24 transportation and commerce. At a minimum, the report must analyze the efficacy of the
4.25 pilot program and must address the following:

4.26 (1) the total number of grants that were awarded through the pilot program;

4.27 (2) the types of medium- and heavy-duty zero-emission vehicles that were reimbursed
4.28 through the pilot program;

4.29 (3) an analysis of whether grant awards under the pilot program met the geographic
4.30 requirements set forth in subdivision 4;

4.31 (4) an analysis on the viability of statewide adoption of medium- and heavy-duty
4.32 zero-emission vehicles;

5.1 (5) an outline of performance criteria and metrics for deployment incentives and
 5.2 promotion of investments in medium- and heavy-duty zero- and near-zero-emission trucking
 5.3 and shipping; and

5.4 (6) recommended legislative changes, if any, to encourage the adoption of and investment
 5.5 in medium- and heavy-duty zero- and near-zero-emission vehicles and supporting charging
 5.6 infrastructure.

5.7 (b) By October 1, 2025, the recipients of the pilot program grants under this section
 5.8 must report to the chairs and ranking minority members of the legislative committees with
 5.9 jurisdiction over commerce and transportation on the grants issued under this section. The
 5.10 report must include the telematics data collected under subdivision 4, paragraph (g), and
 5.11 the manufacturer's quarterly reports. The report must also include but is not limited to the
 5.12 following:

5.13 (1) geographic information on the areas of Minnesota where the vehicle or charging
 5.14 equipment was used;

5.15 (2) the total lifetime greenhouse gas emissions reduced by operation of the medium- or
 5.16 heavy-duty zero-emission vehicle;

5.17 (3) the total miles driven or hours of operation per vehicle per year;

5.18 (4) hours and percentage of the total working hours used in a medium- or heavy-duty
 5.19 zero-emission vehicle;

5.20 (5) an analysis of the estimated total lifetime greenhouse gas emissions reduced by the
 5.21 medium- or heavy-duty zero-emission vehicle;

5.22 (6) an analysis of the miles driven or hours of operation per year by the medium- or
 5.23 heavy-duty zero-emission vehicles; and

5.24 (7) an analysis of the yearly electricity used by medium- or heavy-duty vehicles purchased
 5.25 under the pilot program.

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

5.27 Sec. 2. **APPROPRIATION.**

5.28 \$..... in fiscal year 2024 is appropriated from the general fund to the commissioner of
 5.29 commerce to implement the medium- and heavy-duty zero-emission vehicle grant pilot
 5.30 program authorized by section 1. The commissioner must award grants to qualified purchasers
 5.31 of medium- and heavy-duty zero-emission vehicles as provided in section 1, subdivisions
 5.32 4 and 5. Grants must be awarded on a first-come, first-served basis. This is a onetime

- 6.1 appropriation. Any unencumbered balance in the first year does not cancel but is available
- 6.2 in the second year.
- 6.3 **EFFECTIVE DATE.** This section is effective July 1, 2023, and applies to grants made
- 6.4 on or after that date.