LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 1213** HLS 12RS 3166
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.: HB 664

Date: May 10, 2012 9:26 AM
Author: ORTEGO
Dept./Agy.: Division of Administration (DOA)
Subject: Alternative Fuel Vehicles
Analyst: Travis McIlwain

PROCUREMENT EG SEE FISC NOTE GF EX See Note

Provides with respect to the purchase of bi-fuel vehicles for the state fleet

Proposed legislation provides that the commissioner of administration shall not purchase or lease any motor vehicle for use by any state agency unless that vehicle is capable of and equipped for using bi-fuels. Proposed legislation defines bi-fuels to mean either gasoline plus liquified petroleum gas or gasoline plus compressed natural gas or gasoline plus advanced bi-fuel. Proposed legislation provides that the commissioner may waive the requirements for any state agency upon the receipt of certification supported by evidence acceptable to the commissioner if the following situations applies: 1.) agency's vehicles will be operating primarily in an area that is not within a 25 mile radius of an available refueling facility, 2.) a state agency is not able to recoup the portion of the purchase or lease which is the difference between the cost of a new vehicle which is duel-fuel capable and the estimated cost of a vehicle with similar vehicle specifications which is not dual-fuel capable through reduced costs of operating such vehicle within 60 months of the purchase or lease.

Effective October 1, 2012.

EXPENDITURES	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**5 -YEAR TOTAL**
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total						

REVENUES	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**5 -YEAR TOTAL**
State Gen. Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Ded./Other	$0	$0	$0	$0	$0	**$0**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

EXPENDITURE EXPLANATION

The proposed legislation may result in an indeterminable state expenditure increase. The bill requires the commissioner of administration to only purchase bi-fuel state vehicles with certain exceptions. The bill provides for state agencies to submit a waiver to the commissioner if the agency's vehicle operates primarily in an area that is not within 25 miles of an available liquified petroleum gas or compressed natural gas refueling facility. According to the DOA, the state currently has 21 refueling stations (liquified petroleum & natural gas) of which the majority are located in urban areas. Thus, state vehicles that travel around the state or those vehicles that mainly serve rural areas of the state may be eligible to receive such a waiver.

The proposed bill also provides a waiver if a state agency is not able to recoup the operating cost difference between a gasoline only vehicle and a dual-fuel vehicle within a 60 month timeframe. According to the DOA - Office of State Purchasing, these alternative fuel vehicles typically cost between $5,000 to $15,000 more than gasoline-only vehicles (LP Gas/Natural Gas). Based on data from the Department of Natural Resources (DNR), current fuel prices are as follows: gasoline fuel price is $3.69 per gallon, natural gas is $1.79 per gallon and liquified petroleum gas is $2.89 per gallon. According to DNR, a state vehicle would need to travel approximately 19,500 miles per year for a natural gasoline vehicle and 24,500 miles per year for a liquified petroleum gasoline vehicle to recoup the cost of purchasing bi-fuel vehicles (assuming fuel efficiency of 17 miles per gallon). This calculation assumes an incremental cost difference for natural gasoline vehicles of $10,000 and an incremental cost difference of $5,000 for liquified petroleum gasoline vehicles. This illustration does not include any other potential maintenance savings that may result in operating these alternative fuel vehicles such as fewer oil changes from a cleaner burning engine. Thus, the mileage estimates may be slightly overstated. According to the DOA, the average state vehicle travels approximately 6,800 miles per year. Based upon the waiver in the proposed bill, the only state vehicles that may be eligible for bi-fuel purchase are those state vehicles that travel significantly more than the state average.

Based upon the parameters of this bill, the LFO cannot determine if any state agency vehicle purchases would qualify for alternative fuel vehicles.

NOTE: To the extent the proposed legislation is enacted and state agencies submit waivers to the DOA, the submitted waivers will likely increase the overall workload within the Office of State Purchasing by an indeterminable amount.

Proposed legislation with committee amendments provides that state agencies may use potential funding from the Alternative Fuel Revolving Loan Fund or Flex Fund Revolving Loan Program within the Department of Natural Resources. According to the Department of Natural Resources, there are no funds within the Alternative Fuel Revolving Loan Fund and approximately $4.0 million Flex Fund Revolving Loan Program monies available. The Flex Fund Program's original source is $7.6 million from American Recovery & Reinvestment Funds.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	Dual Referral Rules	House
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}		☐ 6.8(F)1 >= $500,000 Annual Fiscal Cost {S}
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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