

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Committee on Appropriations

BILL: CS/CS/SB 1538

INTRODUCER: Appropriations Committee (Recommended by Appropriations Subcommittee on General Government); Communications, Energy, and Public Utilities Committee; and Senator Simpson

SUBJECT: Natural Gas Rebate Program

DATE: April 23, 2015

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. <u>Wiehle</u>	<u>Caldwell</u>	<u>CU</u>	<u>Fav/CS</u>
2. <u>Blizzard</u>	<u>DeLoach</u>	<u>AGG</u>	<u>Recommend: Fav/CS</u>
3. <u>Blizzard</u>	<u>Kynoch</u>	<u>AP</u>	<u>Fav/CS</u>

Please see Section IX. for Additional Information:

COMMITTEE SUBSTITUTE - Substantial Changes

I. Summary:

CS/CS/SB 1538 amends section 377.810, Florida Statutes, to authorize the Department of Agriculture and Consumer Services (DACS) to use unencumbered funds from the natural gas fuel fleet vehicle rebate program for additional or new rebates, giving preference to governmental applicants. Any remaining, unencumbered funds may be expended for commercial applicant rebates.

The DACS will not require additional resources to implement the provisions in this bill.

The bill provides an effective date of July 1, 2015.

II. Present Situation:

Section 377.810, F.S., creates the natural gas fuel fleet vehicle rebate program within the DACS for the purpose of helping to reduce transportation costs in this state and encourage freight mobility investments that contribute to the economic growth of the state.

Forty percent of the annual refund allocation is reserved for governmental applicants, with the remaining funds allocated for commercial applicants. A rebate may not exceed 50 percent of the eligible costs of a natural gas fuel fleet vehicle with a dedicated or bi-fuel natural gas fuel

operating system placed into service on or after July 1, 2013. An applicant is eligible to receive a maximum rebate of \$25,000 per vehicle up to a total of \$250,000 per fiscal year. All natural gas fuel fleet vehicles eligible for the rebate must comply with applicable United States Environmental Protection Agency emission standards.

An applicant seeking to obtain a rebate must submit an application to the DACS by a specified date each year as established by department rule. The application must include:

- A complete description of all eligible costs,
- Proof of purchase or lease of the vehicle for which the applicant is seeking a rebate,
- A copy of the vehicle registration certificate,
- A description of the total rebate sought by the applicant,
- An affidavit from the applicant certifying that all information contained in the application is true and correct; and
- Any other information deemed necessary by the DACS.

The total amount of rebates allocated to certified applicants in each fiscal year may not exceed the amount appropriated for the program in the fiscal year. Rebates are allocated to eligible applicants on a first-come, first-served basis, determined by the date the application is received, until all appropriated funds for the fiscal year are expended or the program ends, whichever comes first. Incomplete applications submitted to the DACS are not accepted and do not secure a place in the first-come, first-served application process.

The DACS is required to determine and publish on its website, on an ongoing basis, the amount of available funding for rebates remaining in each fiscal year.

By October 1 of each year that the program is funded, the DACS must provide an annual assessment of the use of the rebate program during the previous fiscal year to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Office of Program Policy Analysis and Government Accountability. The assessment must include, at a minimum, the following information:

- The name of each applicant awarded a rebate;
- The amount of the rebates awarded to each applicant;
- The type and description of each eligible vehicle for which each applicant applied for a rebate; and
- The aggregate amount of funding awarded for all applicants claiming rebates.

By January 31, 2016, the Office of Program Policy Analysis and Government Accountability must release a report reviewing the rebate program to the Governor, the President of the Senate, and the Speaker of the House of Representatives. The review must include an analysis of the economic benefits resulting to the state from the program.

III. Effect of Proposed Changes:

The bill amends s. 377.810, F.S., to authorize the DACS to use unencumbered natural gas fuel fleet vehicle rebate program funds for additional or new rebates. The DACS is authorized to receive additional applications between June 1 and June 30 from applicants that have reached the program maximum of \$250,000 per fiscal year. The bill authorizes the DACS to expend

unencumbered funds remaining after June 30 of each fiscal year to award additional or new rebates, with preference given to governmental applicants. Any remaining unencumbered funds may be expended for commercial applicant rebates. Applicants are eligible to receive rebates on a first-come, first-served basis, until all funds for the fiscal year are expended or the program ends, whichever comes first.

The bill provides an effective date of July 1, 2015.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

CS/CS/SB 1538 may have a positive fiscal impact on commercial applicants, should unencumbered funds be available to award additional rebates.

C. Government Sector Impact:

Natural Gas Fuel Fleet Vehicle Rebate Program

The bill authorizes the DACS to receive additional applications between June 1 and June 30 of each fiscal year from applicants that have reached the program maximum of \$250,000. The DACS is authorized to use unencumbered funds remaining after June 30 of each fiscal year to award additional or new rebates of up to \$250,000, with preference given to governmental applicants. Any remaining, unencumbered funds may be expended for commercial applicant rebates. In Fiscal Year 2013-2014, \$2,128,397 from the General Revenue Fund was unencumbered and reverted from the natural gas fuel fleet vehicle rebate program. Under the provisions of the bill, unencumbered funds appropriated for the program will not revert to the General Revenue Fund.

VI. Technical Deficiencies:

None.

VII. Related Issues:

The committee substitute authorizes DACS, after June 30 each year, to use unencumbered funds to award additional rebates for certain purposes under the Natural Gas Fuel Fleet Vehicle Rebate program. Section 216.301, F.S., requires that “any appropriation not identified as an incurred obligation effective June 30th shall revert to the fund from which it was appropriated and shall be available for reappropriation by the Legislature.” Additionally, s. 216.351, F.S., provides that subsequent inconsistent laws supersede chapter 216, F.S., “only to the extent that they do so by express reference to this section.” Accordingly, consideration should be given to amending the sentence beginning at line 30 of the committee substitute to read: “Notwithstanding ss. 216.301 and 216.351, F.S., any unencumbered funds remaining after June 30 of each fiscal year shall not revert and may be used by the department to award the additional rebates.” (Suggested new text is underlined for emphasis.) Nevertheless, if it becomes law, the committee substitute clearly authorizes the DACS to award rebates from the unencumbered funds after June 30 for certain purposes and, as a later in time enactment by the Legislature, would appear to be an exception to the requirements of ss. 216.301 and 216.351, F.S.

VIII. Statutes Affected:

This bill substantially amends section 377.810 of the Florida Statutes.

IX. Additional Information:

- A. **Committee Substitute – Statement of Substantial Changes:**
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS/CS by Appropriations on April 21, 2015:

The committee substitute:

- Authorizes the DACS to expend unencumbered natural gas fuel fleet vehicle rebate program funds on additional applications received between June 1 and June 30 that have met the program maximum of \$250,000 per fiscal year;
- Authorizes the DACS to use unencumbered funds remaining after June 30 each fiscal year to award additional rebates, giving preference to governmental applicants;
- Eliminates the creation of the heavy transportation industry natural gas rebate program within the DACS; and
- Removes the appropriation authorizing general revenue to fund the rebate program.

CS by Communications, Energy, and Public Utilities on March 24, 2015:

- Amends s. 377.810, F.S., to authorize the DACS to use unencumbered natural gas fuel fleet vehicle rebate program funds for additional or new rebates;
- Amends the newly created new heavy transportation industry natural gas rebate program, including:
 - Requiring in the definition of “eligible costs” a lease be for at least 10 years (5 years in the original bill);

- Adding to the definition of “eligible vehicle” any vehicle with a “high horsepower engine”;
- Defining “high horsepower engine” as one providing more than 1,000 horsepower and used for nonhighway transportation purposes;
- Deleting the requirement that OPPAGA do an annual report analyzing the benefits to the state resulting from the program; and
- Inserting an appropriation section that states that, beginning in the 2015-2016 fiscal year and continuing through the 2019-2020 fiscal year, the General Appropriations Act may provide a specific appropriation from the General Revenue Fund to the DACS for funding of this rebate program.

B. Amendments:

None.