

## Department of Planning and Budget 2020 Fiscal Impact Statement

**1. Bill Number:** HB717

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

**2. Patron:** Reid

**3. Committee:** Transportation

**4. Title:** Electric vehicle rebate program

**5. Summary:** This bill establishes a rebate program for the purchase of certain zero-emissions vehicles. Individuals who purchase certain new or used vehicles would be eligible for a rebate of up to \$4,500. The program would expire on July 1, 2027.

**6. Budget Amendment Necessary:** Yes, Item 436.

**7. Fiscal Impact Estimates:** Preliminary. See Item #8.

**7a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2020	-	-
2021	\$1,500,000	General Fund
2022	\$1,500,000	General Fund
2023	\$1,500,000	General Fund
2024	\$1,500,000	General Fund
2025	\$1,500,000	General Fund
2026	\$1,500,000	General Fund

**8. Fiscal Implications:** The bill provides that for a given year rebates will be given on a first-come, first-served basis up to \$1.5 million dollars, and those rebates requested in excess of the annual \$1.5 million threshold will be rolled over to the next fiscal year. The bill specifies that the funding is to come from such funds as may be appropriated. Since no new source of nongeneral funds is identified relative to this program, a general fund appropriation is assumed for the rebate. The bill does not provide a source of funding to support increased expenditures at the Department of Motor Vehicles (DMV) to implement and administer the program.

The bill creates a statewide program with low volume, but high complexity. DMV would need to centralize the implementation of this program to headquarters. In FY 2019, 6,470 zero-emission vehicles were purchased in Virginia, an increase of 4,057 over the previous fiscal year.

For those persons whose annual household income does not exceed 300 percent of the current federal poverty guidelines, the rebates set forth in the legislation shall increase by 50 percent. In order to qualify for an enhanced rebate, the individual must provide documentation of household income to the Department of Motor Vehicles (DMV) upon request. It is unclear what type of documentation would be required and how it would be verified. DMV staff are not trained to read and interpret household income data of customers and would need to work with the Department of Taxation to determine customers qualifying for the enhanced rebate.

The rebate will pertain to four classes of zero-emissions vehicles:

Battery Type	New Vehicle	Used Vehicle
Fuel cell battery	\$3,000	\$1,500
Electric battery obtaining 200 or more miles per charge	\$2,000	\$1,000
Electric battery obtaining at least 120 but less than 200 miles per charge	\$1,500	\$750
Electric battery obtaining less than 120 miles per charge	\$400	\$200

The bill does not specify how DMV will establish a list of these vehicles in production on July 1, 2020. The rebate only applies to the purchase of individual vehicles. Motor vehicle dealers will be liable to the purchaser or lessee for twice the amount of the rebate for failure to submit rebate information to DMV within seven days of the sale or lease of the vehicle.

Based on current workload, DMV headquarter staff is unable to absorb the added work resulting from the bill. DMV would need to add, at a minimum, two additional headquarters staff to implement the rebate program, costing a total of \$152,000 annually. In order to provide the necessary programming to DMV information systems, 1,825 hours would be required, at a cost of \$108,678. DMV would not be able to absorb the costs of implementing this bill.

The second enactment provides for a program expiration of July 1, 2027.

**9. Specific Agency or Political Subdivisions Affected:** Department of Motor Vehicles, Motor Vehicle Dealer Board.

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

**11. Other Comments:** DMV does not currently oversee similar type rebate programs for consumers. At this time, similar programs for earned income tax credits, energy efficient housing upgrades, Virginia529, and other rebate and credit based tax programs are implemented by the Department of Taxation.