

HF2249 - 0 - Electric-Assisted Bicycle Rebate Program Modified

Chief Author: **Lucille Rehm**
 Committee: **Transportation Finance and Policy**
 Date Completed: **2/7/2025 12:23:04 PM**
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Joel Enders **Date:** 2/7/2025 12:23:04 PM
Phone: 651-284-6542 **Email:** joel.enders@lbo.mn.gov

State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

Section 1 amends MN Statute, section 289A.51, subdivision 4(b) to require the commissioner of revenue to issue electric-assisted bicycle (e-Bike) rebate certificates on a lottery basis beginning July 1, 2025. This section is effective the day following enactment and applies to certificates issued on or after that date.

Section 2 requires a report made to the chairs and ranking minority members of the legislative committees on taxes and transportation. The section will expire the earlier of December 31, 2026, or when the report is delivered. The report must:

- Be prepared and submitted to the Legislative Reference Library (M.S. 3.195)
- Provide the cost to develop the report in the beginning of the report (M.S. 3.197)
- Describe the e-Bike application process and the delays experienced in the initial launch
- Analyze technical challenges resulting from the high volume of applicants
- Provide the costs to administer the program
- Make recommendations to prevent similar issues in the future
- Evaluate the third-party vendors and contractors used
- Anticipate programming needed to facilitate the lottery system
- Not use funds allocated to the rebate program to prepare the report
- Be submitted by January 15, 2026.

Assumptions

Lottery System

Revenue must develop a function that randomly selects e-Bike applications to facilitate the lottery system in FY25 before certificates can be issued in FY26. The lottery system will need to ensure at least 40 percent of certificates are issued to applicants within certain income thresholds outlined in M.S. 289A.51 Subd. 4 (b). Revenue will consult with the original developer/contractors related to these changes. Testing of the lottery system will also be needed.

The Communication Division assumes they will need to review/edit/publish website updates for content about the e-Bike Rebate program, provide editorial support on the legislative report, review and send email bulletins for retailers and rebate applicants, develop posts for social media to announce/remind about the program, and develop 2 press releases. This work can be completed by existing staff.

The Tax Operations Division assumes that the amount of work required to review applications and issue certificates will not be affected by the program changing from a first-come first-served system to a lottery.

Note: M.S. 289A.51, subd. 4 (b) directs Revenue to begin allocating rebate certificates July 1 of the calendar year

(beginning of FY26). It is anticipated to take up to 12 weeks to develop a lottery system within the current application system, which means certificates may be delayed depending upon when the final legislation is enacted. Also, if the lottery system results in the application being open longer than one day, Revenue cannot begin selecting applications until after the portal closes. Assuming the application portal is open for two weeks, and Revenue needs four weeks to review applications and issue certificates, Revenue needs a total of 18 weeks to develop and execute the lottery system from the time legislation is enacted. M.S. 289A.51, subd. 4 (c) limits Revenue's ability to issue certificates beyond December 31, 2025.

Reporting Requirement

For the reporting requirements in section 2, Revenue assumes we cannot use any of the funds allocated to the rebate program in preparation of the report. MNIT and the Tax Operations Division will partner to develop the report, which will be done by existing staff.

Expenditure and/or Revenue Formula

Administrative Impact

Administrative Costs (Savings)	FY 2025	FY 2026	FY 2027	FY 2028
Turnberry (contract company that created the ebike app; 120 hours at \$140/hour)	16,800			
Jon Hill (MNIT @ DEED, owner of ebike app; 200 hours at \$136.54/hour)	27,308			
Queue-It license (virtual waiting room technology)	30,000			
Akamai license (application performance and security protection)	30,000			
BlazeMeter license* (professional services for application performance load testing)	30,000			
Total Administrative Costs (Savings)	134,108			

Note: This table uses whole numbers. Totals may vary slightly due to rounding.

*If the application is fully tested before June 25, 2025 Revenue will not need to pay for a license with BlazeMeter as we currently have a license that is good through that date.

Administrative funding comes from the same appropriation as payment of refunds in accordance with Chapter 68, Article 4, section 78, subd 8.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

Agency staff provided information for this fiscal note.

Agency Contact:

Agency Fiscal Note Coordinator Signature: Chelsea Magadance

Date: 2/7/2025 10:26:19 AM

Phone: 651-556-6308

Email: chelsea.magadance@state.mn.us