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FISCAL IMPACT REPORT

SPONSOR Gonzales/Sharer **ORIGINAL DATE** 2/10/2020
LAST UPDATED _____ **HB** _____

SHORT TITLE Alternative Fuel Acquisition Loan Fund **SB** 278

ANALYST Wan

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
	\$5,000.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY20	FY21	FY22	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See Fiscal Implications					

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Energy, Minerals and Natural Resources Department (EMNRD)

SUMMARY

Synopsis of Bill

Senate Bill 278 appropriates \$5 million from the general fund to the alternative fuel acquisition loan fund for expenditure in FY21 and subsequent fiscal years for EMNRD to make loans from the fund in accordance with the Alternative Fuel Acquisition Act.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert to the general fund.

EMNRD reports it will incur costs to establish the loan program, draft loan documents, and

adopt rules and procedures for loan applications and processing, but did not provide an estimate for the operating budget impact.

SIGNIFICANT ISSUES

The alternative fuel acquisition loan fund is a revolving loan fund that was established in 1992 to provide loans to reimburse government agencies, political subdivisions, and educational institutions for expenses incurred in acquiring alternative fuel vehicles. Loans are to be paid back within 7 years of the date the vehicles are purchased to maintain the revolving fund.

The Alternative Fuel Acquisition Act requires the procurement of alternative fuel vehicles by state agencies and public education institutions. The Act defines eligible vehicles to include hybrid vehicles, plug-in electric vehicles, alternative or bi-fuel vehicles, and vehicles that exceed the national fuel economy standards. The Act was established to demonstrate compliance with the Energy Policy Act of 1992 which requires 75 percent of state vehicle fleets be alternative fuel vehicles (AFVs). The types of vehicles that can utilize the fund are light, medium, and heavy-duty vehicles that use natural gas, liquified petroleum gas, electricity, or hydrogen.

ADMINISTRATIVE IMPLICATIONS

No appropriation was made to the fund when it was created and therefore EMNRD has never established a loan program. The agency will need to develop the rules, procedures, and documents necessary to administer the program.

CW/sb