

E-BIKE DISCOUNT VOUCHER PROGRAM

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House Bill 4491 (H-2) as reported from committee

Sponsor: Rep. Julie M. Rogers

Committee: Tax Policy

Complete to 5-23-24

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4491 would create the Michigan E-Bike Transportation Incentive Program Act, which would create a program to issue discount vouchers for Michigan residents to purchase eligible e-bikes.

E-Bike Transportation Incentive Program

The bill would require the Department of Treasury, in consultation with the Office of Future Mobility and Electrification in the Department of Labor and Economic Opportunity (LEO), to establish, implement, and administer an E-Bike Transportation Incentive Program.

The department would have to develop an application process for residents to apply for an e-bike discount voucher. The process could require applicants to sign documentation with the application as necessary to determine eligibility for the program. Upon receipt of the application, the department would be required to issue discount vouchers as follows:

- For a **qualified resident**, a discount voucher equal to the lesser of \$300 or 90% of an **eligible e-bike**'s retail price.
- For an **income-qualified resident**, a discount voucher equal to the lesser of \$600 or 90% of an eligible e-bike's retail price.

Qualified resident would mean a Michigan resident who is at least 18 years of age.

Eligible e-bike would mean an **e-bike** that has a base manufacturer's retail price of not more than \$8,000, has a manufacturer's warranty that covers service within Michigan and has a minimum warranty period of one year, and has either UL 2849 certification or EN 15194 certification for its battery and electrical system.

E-bike would mean an *electric bicycle* as that term is defined in section 13e of the Michigan Vehicle Code.¹

Income-qualified resident would mean a qualified resident who has an individual or family with a household income that is less than or equal to 300% of the federal poverty level for the individual's family size or that is currently enrolled in one or more of the following programs:

- Michigan Low-Income Energy Assistance Program (LIEAP).
- Michigan Weatherization Assistance Program (WAP)
- Supplemental Nutrition Assistance Program (SNAP).
- Temporary Assistance for Needy Families (TANF).

¹ <https://www.legislature.mi.gov/Laws/MCL?objectName=MCL-257-13E>

- A state medical assistance program administered by the state and administered under section 105 of the Social Welfare Act (i.e., Medicaid).²

Vouchers would be valid for one year after the date of issuance and could be presented to an eligible electric bicycle retailer and applied at the point of sale.

The department could not issue more than one voucher per applicant per eligible e-bike, and no new vouchers could be issued after December 31, 2028.

The department and the Office of Future Mobility and Electrification would also be required to conduct outreach and marketing programs to promote the program.

Eligible Retailers and Reimbursement

In order to be an eligible electric bicycle retailer under the bill, a retailer would be required to register with the Department of Treasury by providing the following information:

- For retailers with a physical location in Michigan, the name and location of each of the retailer's places of business in the state that sells eligible e-bikes.
- For retailers without a physical location in Michigan, the name and location of the retailer's principal place of business.

Registered retailers would be required to accept unexpired vouchers for the purchase of eligible e-bikes.

To be reimbursed for redeemed vouchers, registered retailers would have to return the voucher to the department, in a form and manner prescribed by the department, with a copy of the receipt and supporting documentation that the voucher was used to purchase an eligible e-bike. Retailers would not be reimbursed for vouchers that were expired at the time of use.

Allocation of Funds

The bill would require that, if possible, at least 50% of the funds appropriated annually for the program be used for income-qualified residents.

Annual Report

The bill would require that, beginning May 15, 2025, and annually thereafter through 2029, the department, in consultation with the Office of Future Mobility and Electrification, submit a report to the governor, the clerk of the House of Representatives, the secretary of the Senate, and the chairperson of each standing committee and legislative budget subcommittee that has jurisdiction over matters relating to the environment and transportation concerning the operation and effectiveness of the program. The report would have to include all of the following information for the immediately preceding calendar year:

- The number of eligible electric bicycle retailers participating in the e-bike transportation incentive program and the names of those retailers.
- The number of applicants that applied for a discount voucher and the number of discount vouchers issued to qualified residents and income-qualified residents, respectively.

² <https://legislature.mi.gov/Laws/MCL?objectName=MCL-400-105D>

- The total amount of discount vouchers that were used and reimbursed to eligible electric bicycle retailers.

BACKGROUND AND DISCUSSION:

According to committee testimony, several states have already enacted similar rebate programs for e-bikes.³ In addition, the Lansing Board of Water and Light’s electrification rebate program offers rebates for the purchase of e-bikes.⁴

Supporters of the bill contended that it would have positive economic and environmental impacts, in addition to other benefits. They argued that lack of access to reliable transportation can be a critical factor in keeping people out of the workforce. By increasing access to e-bikes, the bill would eliminate or reduce this roadblock for some Michigan residents. They also argued that e-bikes are much better for the environment than cars and that encouraging a transition for some transportation would help Michigan achieve its environmental goals.

Critics of the legislation questioned the practicality of using e-bikes for transportation for a significant portion of each year in Michigan, particularly due to winter and other inclement weather. They also raised concerns that the bill would essentially be subsidizing foreign manufacturers, rather than Michigan businesses, as the majority of e-bikes are produced in China.

FISCAL IMPACT:

The bill would increase administrative costs for the Department of Treasury by an unknown amount. The bill includes no appropriation or directed revenue source for the cost of the program. Therefore, any funding for program administration and vouchers would be subject to an annual appropriation determined by the legislature.

House Bill 5517, a FY 2024-25 Department of Transportation budget bill, as passed by the House on May 8, 2024, includes a contingent appropriation of \$2.95 million in state general fund/general purpose revenue for the program. Specifically, the bill’s boilerplate section 1105(1)(f) earmarks the funds as follows: “\$2,950,000.00 for a Michigan e-bike purchase incentive program to implement House Bill 4491 of the 102nd Legislature if the bill is enacted into law.”

POSITIONS:

A representative of the League of Michigan Bicyclists testified in support of the bill. (5-15-24)

The following entities indicated support for the bill:

- City of Ann Arbor (5-15-24)
- EBike – Ubike (5-15-24)
- Clean Funds Michigan (5-15-24)
- Michigan Retailers Association (5-15-24)

³ <https://www.juicedbikes.com/blogs/news/2023-guide-us-ebike-rebates-and-tax-credits>

⁴ <https://www.lbwl.com/customers/save-money-energy/electrification-programs>

- Detroit Greenway Coalition (5-15-24)
- People for Bikes (5-15-24)
- Michigan Environmental Council (5-22-24)
- The Ecology Center (5-15-24)
- Grosse Pointe – Trek Bicycle (5-15-24)
- Walled Lake Trek Bicycle (5-15-24)
- Sierra Club (5-15-24)

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.