



INDIVIDUAL INCOME TAX
Electric-assisted bicycle rebate

April 21, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of S.F. 219 (Abeler), 1st Engrossment, as Proposed to be Amended (SCS0219A-5)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective for rebates after December 31, 2024.

EXPLANATION OF THE BILL

Current Law: Individuals may receive a rebate certificate for 50% to 75% of eligible expenses related to an electric assisted bicycle and any qualifying accessories. The maximum rebate is \$1,500. An eligible individual must be at least 15 years old, a Minnesota resident, and not claimed as a dependent on another tax return.

The rebate percentage is 75%, reduced by one percentage point for each \$4,000 of adjusted gross income over \$50,000 for married joint filers and \$25,000 for all other filers, to a minimum of 50%.

Total rebate certificates issued must not exceed \$2 million in calendar years 2024 and 2025.

The Commissioner of Revenue allocates the rebate certificates on a first-come, first-served basis, except that 40% of the certificates must be reserved for taxpayers with adjusted gross income of less than \$78,000 for married joint filers or \$41,000 for any other filers.

Proposed Law: The bill reduces the maximum rebate and eliminates the phase out of the rebate percentage. The rebate would equal the lesser of 75% of eligible expenses paid by an individual or \$750.

Eligibility for the rebate would be limited to individuals that filed an income tax return for the prior tax year and whose AGI in the previous year was not more than \$78,000 for married joint filing individuals or \$41,000 for all other individuals.

If the number of eligible applicants exceeds the available allocation of rebate certificates, the bill requires that credits be allocated through a random lottery, rather than on a first-come, first-served basis.

EXPLANATION OF THE BILL (Cont.)

If a random lottery is used, the Commissioner of Revenue must, by August 1, 2025, determine a suitable randomized method to allocate certificates, establish a method for eligible individuals to apply, detail the anticipated timeline for the lottery, and announce the amount of certificates available to be distributed. Where practicable, the Commissioner must prioritize the allocation of certifications through the lottery to persons with disabilities.

The bill requires the Commissioner of Revenue to submit a report by January 15, 2026, on the electric-assisted bicycle rebate program, including details about the application process, the issues it faced, and the anticipated programming that switching to a lottery system will require. The report must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over taxes and transportation.

REVENUE ANALYSIS DETAIL

- The bill will have no fiscal impact as it is assumed that the remaining funds from the \$2 million authorized for 2024 and the entire \$2 million authorized for 2025 will be issued as rebate certificates. It is possible that not every rebate certificate issued will be claimed.
- The bill reduces the maximum rebate by half, increasing the number of applicants who will receive a rebate. At \$750 each, there would be sufficient funding for about 2,667 rebates.

Number of Taxpayers: In 2024, about 1,500 certificates were issued totaling \$2.0 million, with 1,300 of those being claimed for a total of \$1.8 million. In 2025, up to 2,667 certificates could be issued.

Minnesota Department of Revenue
Tax Research Division
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