

**Department of Legislative Services**  
 Maryland General Assembly  
 2023 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 1008 (Delegate R. Lewis)  
 Economic Matters

**Maryland Energy Administration - Electric Bicycle Rebate Program - Establishment**

This bill establishes an Electric Bicycle Rebate Program, administered by the Maryland Energy Administration (MEA), to provide rebates to qualifying individuals, businesses, and nonprofit entities to offset the cost of purchasing electric bicycles. For fiscal 2025 and each fiscal year thereafter, the Governor must include an appropriation of \$500,000 for the program in the annual budget bill. MEA may adopt regulations to carry out the bill.

**Fiscal Summary**

**State Effect:** General fund expenditures increase by \$664,700 in FY 2024, including discretionary funding for rebates under the program; out-years reflect annualization, the elimination of one-time costs, and mandated funding. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2025.**

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	664,700	697,100	705,800	714,900	726,300
Net Effect	(\$664,700)	(\$697,100)	(\$705,800)	(\$714,900)	(\$726,300)

*Note: ( ) = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease*

**Local Effect:** The bill does not directly affect local government operations or finances.

**Small Business Effect:** Potential meaningful.

## Analysis

**Bill Summary:** Eligibility for the Electric Bicycle Rebate Program is restricted to electric bicycles that cost less than a maximum threshold price set by MEA. In addition to this program limitation, an individual may only qualify for a rebate if the individual resides in a low- or moderate-income household, as determined by MEA, and purchases the electric bicycle primarily for nonrecreational purposes; a business or nonprofit entity may only qualify if they purchase an electric bicycle primarily for business activities.

Rebates issued under the program are subject to the availability of funding and must be issued to qualified individuals or business or nonprofit entities in amounts determined by MEA.

“Electric bicycle” has the meaning established for the term under the Maryland Vehicle Law.

**Current Law:** Under the Maryland Vehicle Law, an electric bicycle is a vehicle that (1) is designed to be operated by human power with the assistance of an electric motor; (2) is equipped with fully operable pedals; (3) has two or three wheels; (4) has a motor with a rating of 750 watts or less; and (5) belongs to one of three classes of electric bicycles.

A Class 1 or Class 3 electric bicycle is equipped with a motor that provides assistance only when a rider is pedaling, while a Class 2 electric bicycle’s motor provides assistance whether or not a rider is pedaling. A motor for a Class 1 or Class 2 electric bicycle ceases to provide assistance to a rider when the bicycle reaches a speed of 20 miles per hour; a motor for a Class 3 electric bicycle ceases to provide assistance once the bicycle reaches a speed of 28 miles per hour.

Chapters 63 and 64 of 2019 established several provisions governing electric bicycles (including their manufacturing, equipment, and labeling) and their operation (including the extent to which they may be operated on bicycle paths, trails, and public highways).

### **State Fiscal Effect:**

#### *Maryland Energy Administration – Mandated Appropriation*

General fund expenditures increase by \$500,000 annually beginning in fiscal 2024 to fund the Electric Bicycle Rebate Program consistent with the level of the bill’s mandated appropriation. Even though funding is discretionary prior to fiscal 2025, this analysis assumes that funding is also provided in fiscal 2024 (through general fund expenditures), the fiscal year in which the program is established. Because statute does not explicitly state that the \$500,000 of program funding may be used for MEA’s administrative costs, it is

assumed that general fund expenditures increase further to cover such costs, which are discussed below.

*Maryland Energy Administration – Administrative Costs*

General fund expenditures increase by \$164,731 in fiscal 2024, which accounts for the bill’s October 1, 2023 effective date. This estimate reflects MEA’s costs to hire one full-time program manager to design and oversee the Electric Bicycle Rebate Program and one full-time energy specialist to assist with processing an expected high volume of rebate applications received under the program. MEA indicates that existing staff cannot absorb these responsibilities. The estimate includes salaries, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Positions	2.0
Salaries and Fringe Benefits	\$149,913
Operating Expenses	<u>14,818</u>
<b>Total FY 2024 MEA Administrative Costs</b>	<b>\$164,731</b>

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

**Small Business Effect:** Small businesses are eligible applicants and benefit to the extent they apply for rebates under the program. Additionally, small businesses that manufacture, distribute, or sell electric bicycles may realize higher revenues to the extent the program spurs additional demand for electric bicycles in the State.

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**Additional Information**

**Prior Introductions:** Similar legislation has not been introduced within the last three years.

**Designated Cross File:** None.

**Information Source(s):** Department of Budget and Management; Maryland Energy Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2023  
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