

Fiscal Estimate Narratives

DOA 6/10/2003

LRB Number	03-2438/1	Introduction Number	SB-155	Estimate Type	Original
Subject					
Use of hybrid-electric vehicles					

Assumptions Used in Arriving at Fiscal Estimate

This bill adds hybrid-electric vehicles to the list of alternative fueled vehicles authorized for state purchase. There is no additional cost to the state associated with this bill.

Discussion:

Currently, Chapter 16 of the Wisconsin Statutes requires agencies to utilize alternative fuels in state-owned or leased vehicles whenever feasible. The Federal Energy Act of 1992 (EPAAct) mandates certain fleets to acquire alternative fuel vehicles (AFV). Under EPAAct, the State of Wisconsin is required to purchase 75% AFV's in each year's procurement. Currently, hybrid-electric vehicles do not qualify under EPAAct as alternative fuel vehicles. Consequently, hybrid-electric vehicles would compete on a life cycle cost basis against the non-AFV portion of the annual bid.

For the 2002 state buy, the Dodge Neon was awarded the bid for non-AFV subcompacts. Currently, hybrid-electrics cost approximately \$10,000 more per vehicle than the Dodge Neon. On a life cycle basis the hybrid-electric vehicles exceed the Dodge Neon by approximately \$5,600 per vehicle.

Long-Range Fiscal Implications

As more automobile manufacturers design and market these types of vehicles, prices are likely to become more competitive. In addition, the federal government may add electric-hybrid vehicles to those approved under EPAAct. The combination of these events could enable hybrid-electric vehicles to successfully compete for a portion of the annual buy.