Alternative Fuel School Bus and Municipal Motor Vehicle Loan Program

The Mississippi Alternative Fuel School Bus and Municipal Motor Vehicle Revolving (AFV) Loan Program provides public school districts and municipalities with loans to cover 100 percent of the incremental cost of purchasing alternative fuel vehicles (AFVs) and related systems or of converting existing vehicles to accept alternative fuels, whether propane gas, compressed natural gas or liquefied natural gas.

The AFV Loan Program provides municipalities and public school districts loan funds to purchase new AFVs or the related AFV infrastructure needed to run these vehicles. The program also provides funding to convert existing conventional vehicles to use alternative fuels.

For the purchase of new original equipment manufacturer (OEM) AFVs, loan funds can be used to cover the difference between the cost of the AFV and the cost of a comparable conventional model after all other applicable manufacturer and cash equivalent incentives are applied.

For the purchase of alternative fuel system equipment and facilities, AFV funds can be used to cover the cost of the new fuel system after all other applicable rebates and cash equivalent incentives are applied, plus construction and installation.

For the retrofit of existing fleet vehicles to use alternative fuels, AFV funds can be used to purchase the new fuel system and cover the cost of installation and labor after all other applicable rebates and cash equivalent incentives are applied. Vehicle retrofits are limited to EPA-compliant vehicle systems, and AFV loan funds are not available for non-fuel system upgrades such as transmissions and exhaust systems.

If a municipality or school district is requesting funding for only one activity – vehicle retrofitting/conversion, new vehicle purchases, or new fuel infrastructure purchases – the applicant must provide MDA with plans for the complementary project planned or demonstrate that the complementary project has already been completed or funded.

The maximum loan amount is:

- $300,000 for vehicle purchases
- $300,000 for retrofits
- $500,000 for refueling infrastructure purchases

The loan term for vehicle purchases and retrofits is seven years, and the loan term for refueling infrastructure purchases is 15 years.

AFV loans are issued at zero percent interest.

To learn more or to apply for an AFV loan, contact MDA’s Energy Division at 601.359.3449.