

**A-Engrossed**  
**Senate Bill 583**

Ordered by the Senate April 10  
Including Senate Amendments dated April 10

Sponsored by Senator STARR

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Alternative Fuel Vehicle Revolving Fund. Continuously appropriates moneys in fund to State Department of Energy. Permits public bodies **and tribes** to borrow from fund to purchase alternative fuel vehicles **and convert existing vehicles that use gasoline or diesel to alternative fuel vehicles.**

**Establishes income tax credit for alternative fuel vehicle contributions. Limits amount of allowable tax credits.**

**Takes effect on 91st day following adjournment sine die.**

**A BILL FOR AN ACT**

1  
2 Relating to alternative fuel vehicles; appropriating money; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. As used in sections 1 to 7 of this 2013 Act:**

5 (1) **"Alternative fuel vehicle" means a motor vehicle, as defined in ORS 801.360, that is**  
6 **manufactured or modified to use an alternative fuel, including but not limited to electricity,**  
7 **biofuel, gasohol with at least 20 percent denatured alcohol content, hydrogen, hythane,**  
8 **methane, methanol, natural gas, propane or any other fuel approved by the Director of the**  
9 **State Department of Energy, and that produces lower exhaust emissions or is more energy**  
10 **efficient than equivalent equipment fueled by gasoline or diesel.**

11 (2) **"Public body" has the meaning given that term in ORS 174.109.**

12 (3) **"Tribe" means a federally recognized Indian tribe in Oregon.**

13 **SECTION 2. (1) The Alternative Fuel Vehicle Revolving Fund is established in the State**  
14 **Treasury, separate and distinct from the General Fund. Interest earned by the Alternative**  
15 **Fuel Vehicle Revolving Fund shall be credited to the fund. The moneys in the Alternative**  
16 **Fuel Vehicle Revolving Fund are continuously appropriated to the State Department of En-**  
17 **ergy to be used for the purposes described in section 3 of this 2013 Act.**

18 (2) **The State Treasurer may accept contributions, donations, bequests, gifts or grants**  
19 **from any source, whether public or private. Moneys received under this subsection shall be**  
20 **deposited into the Alternative Fuel Vehicle Revolving Fund.**

21 (3) **The Alternative Fuel Vehicle Revolving Fund shall consist of:**

22 (a) **Moneys appropriated by the Legislative Assembly;**

23 (b) **Any other revenues derived from contributions, donations, bequests, gifts or grants;**

24 (c) **Other amounts deposited in the fund from any source;**

25 (d) **All repayments of moneys borrowed from the fund; and**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (e) All interest payments made by borrowers from the fund.

2 (4) The State Treasurer may invest and reinvest moneys in the Alternative Fuel Vehicle  
3 Revolving Fund in the manner provided by law. All earnings from such investment and re-  
4 investment shall be credited to the Alternative Fuel Vehicle Revolving Fund.

5 **SECTION 3.** (1) The State Department of Energy shall use the moneys in the Alternative  
6 Fuel Vehicle Revolving Fund for a loan program to provide loans to public bodies and tribes  
7 to:

8 (a) Assist in the purchase of new alternative fuel vehicles by providing funding for the  
9 additional cost of purchasing alternative fuel vehicles as compared to vehicles that are not  
10 alternative fuel vehicles; or

11 (b) Convert existing vehicles that use gasoline or diesel to alternative fuel vehicles.

12 (2) Funding priority under subsection (1) of this section must be given to vehicle con-  
13 versions.

14 (3) The department may also use the moneys in the Alternative Fuel Vehicle Revolving  
15 Fund to pay the expenses of the department in administering the Alternative Fuel Vehicle  
16 Revolving Fund and the loan program.

17 **SECTION 4.** (1) In administering the Alternative Fuel Vehicle Revolving Fund, the State  
18 Department of Energy shall:

19 (a) Allocate funds for loans in accordance with procedures adopted by the department  
20 by rule.

21 (b) Use accounting, auditing and fiscal procedures that conform to generally accepted  
22 government accounting standards.

23 (c) Seek to maximize the ability of the Alternative Fuel Vehicle Revolving Fund to oper-  
24 ate on a self-sustaining basis and to maintain a perpetual source of financing to provide loans  
25 as described in section 3 of this 2013 Act.

26 (2) In connection with the loan program, the department may:

27 (a) Establish requirements for loans made from the Alternative Fuel Vehicle Revolving  
28 Fund to ensure that adequate funds will be available in the fund to pay the costs of admin-  
29 istering the fund and the loan program.

30 (b) Exercise any remedies available to the department in connection with defaults on  
31 loans of advanced funds made to public bodies and tribes.

32 **SECTION 5.** (1) Any public body or tribe desiring a loan from the Alternative Fuel Vehicle  
33 Revolving Fund shall submit an application to the State Department of Energy. The appli-  
34 cation shall be in such form as may be specified by the department.

35 (2) Any public body or tribe receiving a loan from the Alternative Fuel Vehicle Revolving  
36 Fund shall establish and maintain a dedicated source of revenue or other acceptable source  
37 of revenue for the repayment of the loan.

38 **SECTION 6.** Notwithstanding any limitation contained in any other provision of law or  
39 local charter, a public body or tribe may:

40 (1) Borrow money from the Alternative Fuel Vehicle Revolving Fund through the State  
41 Department of Energy; and

42 (2) Enter into loan agreements and make related agreements with the department, in  
43 which the public body or tribe agrees to repay the borrowed money in accordance with the  
44 terms of the loan agreement.

45 **SECTION 7.** (1) The State Department of Energy shall establish by rule policies for es-

1 **tab**lishing loan terms and interest rates for loans made from the Alternative Fuel Vehicle  
2 **Revolving Fund** that ensure that the objectives of sections 1 to 7 of this 2013 Act are met  
3 **and that adequate funds are maintained in the Alternative Fuel Vehicle Revolving Fund to**  
4 **meet future needs. In establishing the policy, the department shall take into consideration**  
5 **at least the following factors:**

6 (a) **The ability of a public body or tribe to repay a loan.**

7 (b) **Current market rates of interest.**

8 (2) **The department may establish an interest rate ranging from zero to the market rate.**  
9 **The department may establish the loan term, provided that the loan is fully amortized not**  
10 **later than six years after the purchase of a new alternative fuel vehicle or the conversion**  
11 **of a vehicle that uses gasoline or diesel to an alternative fuel vehicle.**

12 (3) **The department shall adopt by rule any procedures or standards necessary to carry**  
13 **out the provisions of sections 1 to 7 of this 2013 Act.**

14 **SECTION 8. Section 9 of this 2013 Act is added to and made a part of ORS chapter 315.**

15 **SECTION 9. (1) A credit against the taxes that are otherwise due under ORS chapter 316**  
16 **or, if the taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer**  
17 **for certified alternative fuel vehicle contributions made by the taxpayer during the tax year**  
18 **to the Alternative Fuel Vehicle Revolving Fund established under section 2 of this 2013 Act.**

19 (2)(a) **The Department of Revenue shall, in cooperation with the State Department of**  
20 **Energy, conduct an auction of tax credits under this section. The Department of Revenue**  
21 **may not auction more than \$3 million of tax credits under this section. The department may**  
22 **conduct the auction in the manner that the department determines is best suited to maxi-**  
23 **mize the return to the state on the sale of tax credit certifications and shall announce a**  
24 **reserve bid prior to conducting the auction. The reserve amount shall be at least 95 percent**  
25 **of the total amount of the tax credit. Moneys necessary to reimburse the Department of**  
26 **Revenue for the actual costs incurred by the department in administering an auction, not**  
27 **to exceed 0.25 percent of auction proceeds, are continuously appropriated to the department.**  
28 **The Department of Revenue shall deposit net receipts from the auction required under this**  
29 **section in the Alternative Fuel Vehicle Revolving Fund established under section 2 of this**  
30 **2013 Act. Net receipts from the auction required under this section shall be used to provide**  
31 **loans as described in section 3 of this 2013 Act.**

32 (b) **The State Department of Energy shall adopt rules for the administration and imple-**  
33 **mentation of this section.**

34 (3) **Contributions made under this section shall be deposited in the Alternative Fuel Ve-**  
35 **hicle Revolving Fund.**

36 (4)(a) **Upon receipt of a contribution, the State Department of Energy shall issue to the**  
37 **taxpayer written certification of the amount certified for tax credit under this section to the**  
38 **extent the amount certified for tax credit, when added to all amounts previously certified for**  
39 **tax credit under this section, does not exceed \$3 million for the tax year beginning January**  
40 **1, 2013.**

41 (b) **The State Department of Energy and the Department of Revenue are not liable, and**  
42 **a refund of a contributed amount need not be made, if a taxpayer who has received tax credit**  
43 **certification is unable to use all or a portion of the tax credit to offset the tax liability of the**  
44 **taxpayer.**

45 (5) **The tax credit allowed under this section for any one tax year may not exceed the tax**

1 liability of the taxpayer.

2 (6) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
3 in a particular tax year may be carried forward and offset against the taxpayer's tax liability  
4 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax  
5 year may be carried forward and used in the second succeeding tax year, and, likewise, any  
6 credit not used in the second succeeding tax year may be carried forward and used in the  
7 third succeeding tax year but may not be carried forward for any tax year thereafter.

8 (7) If a tax credit is claimed under this section by a nonresident or part-year resident  
9 taxpayer, the amount shall be allowed without proration under ORS 316.117.

10 (8) If the amount of contribution for which a tax credit certification is made is allowed  
11 as a deduction for federal tax purposes, the amount of the contribution shall be added to  
12 federal taxable income for Oregon tax purposes.

13 SECTION 10. Section 9 of this 2013 Act applies to tax years beginning on or after January  
14 1, 2013, and before January 1, 2015.

15 SECTION 11. This 2013 Act takes effect on the 91st day after the date on which the 2013  
16 regular session of the Seventy-seventh Legislative Assembly adjourns sine die.

17