

To: House Committee on Energy and Environment

From: Anthony Buckley, Division Administrator
Maureen Bock, Energy Incentives Program Manager
Oregon Department of Energy, Energy Development Services Division

Date: February 11, 2014

Subject: HB 4107 – Extending Alternative Fuel Vehicle Revolving Loan Program to Certain Private Entities

Introduction

The Department of Energy has an Alternative Fuel Vehicle Revolving Fund, which is a loan fund for public bodies and Oregon's federally-recognized tribes. This is a new program created in 2013 with the passage of SB 583. The purpose of the program is to facilitate the acquisition of alternative fuel vehicle fleets either through purchase or conversion.

Borrowers can use loan proceeds to:

- Fund the incremental cost associated with the purchase of new alternative fuel vehicles, or
- Convert existing gasoline or diesel vehicles to use alternative fuels.

The program pays for the incremental cost of purchasing alternative fuel vehicles, which may exceed the cost of purchasing gasoline or diesel fueled vehicles. All vehicle and engine conversions must meet standards instituted by the U.S. Environmental Protection Agency, the National Highway Traffic Safety Administration and the Oregon Department of Environmental Quality.

Background

SB 583 (2013) established the Alternative Fuel Vehicle Revolving Fund for public bodies and the state's federally recognized tribes. The Alternative Fuel Vehicle Revolving Fund received funding through the sale of tax credits. These tax credits are a carve-out from the \$20 million in transportation tax credits in the Energy Incentives Program. The Department of Revenue offered \$3 million for sale and was successful in selling about \$1 million.

The Department of Energy is now offering those funds to eligible borrowers. The department posted an opportunity announcement on January 13, 2014, which is scheduled to close on March 31, 2014. If loan requests exceed available funds, the department will use a prioritization process to allocate funding based on criteria developed during the rulemaking process.

What this bill does

HB 4107 would expand the revolving loan fund to private entities that operate fleets based in areas of the state that are subject to motor vehicle emission inspection programs, provided the private entity did not hire fleet drivers that were independent contractors.

The -1 amendment allows the department to charge a loan origination fee for these loans. This fee would cover the work associated with loan processing, regardless of whether the borrower actually receives a loan. The amendment also extends the time allowed for transportation tax credits to be auctioned to fully fund the Alternative Fuel Vehicle Revolving Fund.

Summary

HB 4107 would extend the alternative fuel revolving fund to private entities operating fleets based in areas of the state that are subject to motor vehicle emission inspection programs. As amended, it allows for a loan origination fee and permits the sale of tax credits to maximize the funds available up to the maximum of \$3,000,000.