

HB 2704 -1 STAFF MEASURE SUMMARY

House Committee On Energy and Environment

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/8, 3/22

WHAT THE MEASURE DOES:

Requires Environmental Quality Commission to hire or contract with third-party organization to implement and administer **alternative fuel or zero-emission vehicle rebate program** (Rebate Program). Stipulates person requesting rebate must be purchasing or leasing new vehicle, registering vehicle in Oregon, submit rebate application and retain registration for minimum of 24 consecutive months. Requires Department of Environmental Quality (DEQ) Director to report to Legislature on Rebate Program no later than October 30, 2019. Establishes the following rebate amounts:

- \$2,500 for light-duty zero-emission vehicles and plug-in hybrid electric vehicles with an electrochemical energy storage capacity of 10 kilowatt hours or more,
- \$1,500 for light-duty zero-emission vehicles or plug-in hybrid electric vehicles with an electrochemical energy storage capacity of less than 10 kilowatt hours,
- \$750 for neighborhood electric vehicles,
- \$750 for zero-emission motorcycles, and
- \$250,000 for zero-emission transit buses.

Directs Department of Environmental Quality (DEQ) Director to hire or contract with third-party organization to develop and implement **Charge Ahead Oregon program**. Establishes the following goals for Charge Ahead Oregon program: increasing use of electric vehicles and battery-operated vehicles across Oregon, in rural communities and among low and moderate income households; making electric vehicles and battery-operated vehicles more affordable; and increasing vehicle infrastructure throughout Oregon. Requires Charge Ahead Oregon program to develop at least three programs to reach communities that might not otherwise have access. Requires DEQ Director to report to Legislature on Charge Ahead Oregon program no later that October 30, 2018. Sunsets Charge Ahead Oregon program January 2, 2027.

Establishes Zero-Emission Fund (Fund) appropriated to DEQ consisting of amounts donated to fund, appropriated by Legislature, other amounts deposited from other source, and interest earned by Fund. Specifies __ percent per biennium may be expended to administer Rebate Program, Charge Ahead Oregon program and to DEQ to administer Act. Stipulates total amount of potential tax-credits for Zero-Emission Incentive Fund exceed \$23 million at time of certification.

Extends sunset on **tax credits for certified alternative fuel vehicle contributions**. Transfers certain responsibilities for tax credit auction from State Department of Energy to Department of Environmental Quality. Transfers deposit of tax credit auction proceeds from Alternative Fuel Vehicle Revolving Fund to Zero-Emission Incentive Fund.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces measure. Requires Environmental Quality Commission to contract with third-party nonprofit organization to implement and administer **alternative fuel or zero emission vehicle rebate program** (rebate program) to provide rebates to people that purchase and register qualifying vehicles and buses. Authorizes Commission to require that third-party nonprofit includes certain features in program design specified by commission, establish procedures to prioritize available money, and limit the number of rebates available for each type of qualifying vehicle. Establishes the following rebates:

- \$2,500 for light-duty zero-emission vehicles and plug-in hybrid electric vehicles with an electrochemical energy storage capacity of 10 kilowatt hours or more;
- \$1,500 for light-duty zero-emission vehicles or plug-in hybrid electric vehicles with an electrochemical energy storage capacity of less than 10 kilowatt hours;
- \$750 for neighborhood electric vehicles;
- \$750 for zero-emission motorcycles; and
- \$250,000 for zero-emission transit buses.

Stipulates to be eligible for rebate program person must purchase or lease vehicle and retain registration for 24 months, register vehicle in Oregon, and submit application to Department of Environmental Quality (DEQ).

Requires Director of DEQ to contract with third-party nonprofit organization to develop and implement **Charge Ahead program** to provide rebates or similar incentives to low and moderate income households in areas that are highly impacted by air pollution to voluntarily retire or scrap high-emission passenger motor vehicles and replace them with new or used light-duty zero emission vehicles. Authorizes Charge Ahead Oregon Program to include expanded financing mechanisms to increase consumer access and include incentives for making vehicle charging infrastructure more affordable to participating households. Requires Director to report on use of money, impact of funding and projected level of funding required to continue to provide rebates to the Legislative Assembly no later than September 15, 2018.

Establishes the **Zero-Emission Incentive Fund** and stipulates money in Fund shall consist of amounts donated to Fund; appropriated by Legislative Assembly; other amounts deposited by any source; and interest earned by Fund. Appropriates certain percentages of money in fund to DEQ after payment of refunds to taxpayers for implementation, administration, promotion and evaluation of Charge Ahead Oregon Program. Prohibits amount of tax credits for Charge Ahead Oregon program from exceeding \$23 million for any biennium.

Changes statutory reference from **Alternative Fuel Vehicle Revolving Fund** to the Zero-Emission Incentive Fund and requires Department of Revenue to work in cooperation with DEQ rather than the State Department of Energy to conduct an auction of tax credits. Limits tax credits certified to \$23 million for any biennium beginning on or after July 1, 2017.

Authorizes DEQ and EQC to take any action necessary prior to the January 1, 2018 operative date.

REVENUE: Revenue impact issued

FISCAL: Fiscal impact issued

BACKGROUND:

Electric cars have motors that run on a rechargeable battery instead of traditional petroleum-based fuels. These motors are about three times more efficient than traditional internal combustion engines. New electric vehicle

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models can travel as many as 200 miles or more on a single charge and produce fewer greenhouse gas emissions than traditional cars. In 2013, Oregon, California, Connecticut, Maryland, Massachusetts, New York, Rhode Island and Vermont created a collaborative “Multi-State Zero Emission Vehicle Action Plan” that is intended to guide efforts to put 3.3 million zero emission vehicles on the roads by 2025.

House Bill 2704 establishes the alternative fuel or zero-emission vehicle rebate program and sets the rebate amount that certain types of vehicles would be eligible to receive. The Act also creates the Charge Ahead Oregon program for the purpose of increasing the use of electric and battery operated vehicles in Oregon.