

HB 2704 A STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Action Date: 03/22/17

Action: Do pass with amendments to the bill, refer to Revenue, then to Ways and Means by prior reference. (Printed A-Eng).

Vote: 5-4-0-0

Yeas: 5 - Barnhart, Boone, Helm, Holvey, Power

Nays: 4 - Bentz, Johnson, Reschke, Smith DB

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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WHAT THE MEASURE DOES:

Requires Environmental Quality Commission (EQC) 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 EQC, establishes procedures to prioritize available money, and limits 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, a 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 DEQ Director to contract with third-party nonprofit organization to develop and implement Charge Ahead Oregon 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 DEQ 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 (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.

This Summary has not been adopted or officially endorsed by action of the committee.

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

ISSUES DISCUSSED:

- Changes in electric vehicle industry
- Potential funding options for encouraging electric vehicle purchases
- Role of electric vehicles in reducing greenhouse gas emissions

EFFECT OF AMENDMENT:

Replaces measure.

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 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 2704A would establish an alternative fuel or zero-emission vehicle rebate program and set 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.