

HB 4151 -5, -6 STAFF MEASURE SUMMARY

House Committee On Energy and Environment

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/13

WHAT THE MEASURE DOES:

Increases privilege tax by unspecified percentage that is imposed on vehicle dealers that sell taxable motor vehicles. Increases use tax by unspecified percentage that is imposed on taxable motor vehicles that are purchased at retail from any seller. Applies these increases to any taxable motor vehicle sold at retail on or after January 1, 2021, that is registered by a purchaser residing within a metropolitan service district, to an address within that district. Requires revenue from increase in privilege taxes to be used to increase rebates offered through zero-emission and electric vehicle rebate program and Charge Ahead Oregon Program by \$2,500 per rebate, excluding rebates for neighborhood electric vehicles or zero-emission motorcycles. Incorporates consistent provisions of Transportation Project Taxes, the provision governing proof of payment of privilege and use taxes, and the provision governing deposit of revenue from privilege and use taxes collected by the Department of Revenue.

Requires electric companies, Oregon Community Power, and consumer-owned utilities to collect a public purpose charge of one percent of the total revenues collected from all retail consumers located within that part of the respective utility's service area that is within Portland metropolitan service district, in addition to any other public purpose charges. Requires revenue from same to be invested in programs that accelerate the pace of transportation electrification within the subject service area. Directs that utilities and consumers shall receive a fair and reasonable credit for the public purpose expenditures of their energy suppliers. Authorizes Public Utility Commission (PUC) activity concerning collection and expenditures and corresponding rulemaking. Provides corresponding provisions for consumer-owned utilities and their governing bodies. Authorizes the Oregon Department of Energy (ODOE) to adopt rules and methods as specified. Directs consumer-owned utilities to report to ODOE annually.

Provides for credit against public purpose charge for retail electricity consumers that use more than one average megawatt of electricity at any site in the preceding year, equal to the total amount of the consumer's qualifying expenditures for transportation electrification, less the cost of administration. Establishes process to obtain credit; allows carryover of unused credit; and limits credit on an annual basis as specified.

Takes effect 91st day after *sine die*.

Fiscal Impact: No statement yet issued.

Revenue Impact: No statement yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-5 Removes sections of Act that required an additional public purpose charge to be collected. Requires electric company to invest no less than one-half of one percent of total rates collected by electric companies annually

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from retail consumers within the metropolitan service district to support the acceleration of transportation electrification. Requires electric company to file application with Public Utility Commission (PUC) for acceptance of a program funded with these revenues and directs the PUC to report on the funded programs to the Legislature annually. Authorizes PUC to allow electric companies to recover certain infrastructure costs in support of transportation electrification from ratepayers if expenditures meet certain criteria. Becomes operative January 1, 2021.

-6 Specifies that additional rebate provided by increased tax to taxable motor vehicle that qualifies under either or both existing rebate programs and that is sold at retail in any jurisdiction within or outside state that is registered by purchaser residing within county, any part of which is situated within boundaries of metropolitan service district. Increases vehicle privilege tax by 0.5 percent. Increases vehicle use tax by 0.5 percent. Makes privilege and use tax increases operative January 1, 2021. Expands relevant definitions included. Defines vehicle dealer to have meaning given to term in ORS 320.400. Requires Department of Revenue transfer privilege tax moneys computed on basis of 0.5 percent increased rate to Zero-Emission Incentive Fund. Requires Department of Revenue annually transfer first \$12 million of privilege tax moneys computed on basis of 0.5 percent increased rate to Zero-Emission Incentive Fund and balance of moneys to Connect Oregon Fund.

BACKGROUND:

In 2017, the Legislative Assembly passed House Bill 2017, which proposed two new vehicle taxes in Oregon: the vehicle privilege tax and vehicle use tax. The former is a tax for the privilege of selling vehicles in Oregon, while the latter applies to vehicles that are required to be registered and titled in Oregon, but that were purchased from out-of-state dealers. House Bill 2017 additionally authorized the Department of Environmental Quality to provide rebates to qualifying Oregonians who purchased certain types of zero-emission vehicles. The initiative drew on funding from the newly adopted taxes to provide rebates, depositing revenues from the privilege tax to contribute \$12 million annually to the Zero-Emission Incentive Fund established by House Bill 2017. The initiative was subsequently modified through House Bill 4059 in 2018 and House Bill 2592 in 2019. Rebates are administered through a zero-emission and electric vehicle rebate program and the Charge Ahead Oregon Program.

Adopted by the Legislative Assembly in 1999, Senate Bill 1149 directed two of Oregon's largest investor-owned electric utilities to collect a three percent public purpose charge from their customers. The charge, which appears on electricity bills, contributes funding to five public purposes: school districts, conservation, renewable energy, low-income weatherization, and low-income housing. The funds are administered by the State's Department of Energy, Housing and Community Services, and the Energy Trust of Oregon under an agreement with the Public Utility Commission.

House Bill 4151 increases the vehicle privilege and use taxes and directs revenue from the increased privilege tax to supplement rebates granted through the zero-emission and electric vehicle rebate program and Charge Ahead Oregon Program. House Bill 4151 further requires electric companies, Oregon Community Power, and consumer-owned utilities to collect an additional public purpose charge from retail electricity consumers located within the boundaries of the Portland metropolitan service district. House Bill 4151 directs funds collected from the additional charge to be invested in programs to further transportation electrification and authorizes certain retail electricity consumers to direct their own transportation electrification projects and receive credit against public purpose charges. If passed, House Bill 4151 would take effect on the 91st day following sine die.