

**HB 4151 A STAFF MEASURE SUMMARY**  
**House Committee On Energy and Environment**

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**Action Date:** 02/13/20

**Action:** Without recommendation as to passage, with amendments. Refer to Revenue, then to Ways and Means by prior reference. (Printed A-Eng.)

**Vote:** 8-1-0-0

**Yeas:** 8 - Bonham, Helm, Power, Reschke, Schouten, Smith DB, Sollman, Wilde

**Nays:** 1 - Salinas

**Fiscal:** Fiscal impact issued

**Revenue:** Revenue impact issued

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**Meeting Dates:** 2/13

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**WHAT THE MEASURE DOES:**

Increases by 0.5 percent privilege tax that is imposed on vehicle dealers that sell taxable motor vehicles. Increases by 0.5 percent use tax that is imposed on taxable motor vehicles that are purchased at retail from any seller in certain area. Applies increased privilege tax and use tax to any taxable motor vehicle sold at retail on or after January 1, 2021, that is registered by a purchaser residing within a county within a metropolitan service district. Requires Department of Revenue (Department) transfer privilege tax moneys computed on basis of 0.5 percent increased rate to Zero-Emission Incentive Fund. Requires electric company to invest no less than 0.5 percent of total rates collected annually 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 Legislative Assembly 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. Takes effect 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Policy strategies to reduce carbon emissions
- Increased tax rate applies to vehicle purchases in a metropolitan service district

**EFFECT OF AMENDMENT:**

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. Removes sections of Act that required an additional public purpose charge to be collected. Requires electric company to invest no less than 0.5 percent of total rates collected annually 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 Legislative Assembly 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.

**BACKGROUND:**

Approximately one-third of Oregon's greenhouse gas emissions come from the transportation sector. In 2017, the Legislative Assembly passed House Bill 2017, which proposed two new vehicle taxes in Oregon: the vehicle

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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 also 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.

House Bill 4151-A 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-A would also require that electric companies invest no less than one percent of total rates collected annually from retail electricity consumers in programs to accelerate transportation electrification and authorize the Public Utility Commission to allow electric companies to recover certain infrastructure costs in support of transportation electrification from ratepayers. If passed, House Bill 4151-A would take effect on the 91st day following adjournment sine die.