

HB 3056 -2, -3 STAFF MEASURE SUMMARY

Joint Committee On Transportation

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/11, 5/27

WHAT THE MEASURE DOES:

Directs the Department of Environmental Quality to issue clean fuels program credits to qualified credit generators that are equal to the value of unused transportation project tax credits. Sunsets January 2, 2022. Takes effect on 91st day following adjournment sine die.

NOTE - measure has a subsequent referral to the Committee on Ways and Means

ISSUES DISCUSSED:

- Background on transportation energy tax credits and clean fuels credits programs
- Only four transit providers ended up with unused credits
- Allowed and anticipated uses of tax credits

EFFECT OF AMENDMENT:

-2 Limits use of funds to purchase of new zero-emission transit buses and investment in fleet charging infrastructure for transit operations.

FISCAL: Minimal fiscal impact, no statement issued on measure with the -2 amendment

REVENUE: No revenue impact on measure with the -2 amendment

-3 Limits use of funds to purchase of new zero-emission transit buses and investment in fleet charging infrastructure for transit operations. Specifies that such investments will generate credits in the clean fuels program. Directs Department of Environmental Quality to retire clean fuels program credits until the transit agency has generated an amount of credits equal to the amount of clean fuels program credits issued. Clarifies that generation and retirement of clean fuels credits related to battery-powered electric buses will not affect credits generated by the program generator for any other use. Provides method of calculation for assigning clean fuels credits. Requires Department to issue clean fuels program credits under measure no later than January 1, 2022. Takes effect on 91st day following adjournment sine die.

FISCAL: Minimal fiscal impact, no statement issued on measure with the -3 amendment

REVENUE: No revenue impact on measure with the -3 amendment

BACKGROUND:

The Oregon Department of Energy (ODOE) previously operated a transportation tax credit program in which individual and organizations investing in alternative fuel infrastructure or fleets for transportation (such as electricity, biofuel, hydrogen, natural gas, or propane). Projects to construct charging or fueling systems, purchasing new alternative fuel vehicles, or converting existing vehicles, qualified for tax credits, which were awarded on a first-come, first-served basis. The program sunset at the end of the 2017 tax year.

Oregon's Clean Fuels Program was launched in 2017 and is administered by the Oregon Department of Environmental Quality (DEQ). The program is intended to encourage use of cleaner fuels (a list similar to that for the transportation tax credit program). The purpose of the program is to reduce greenhouse gas emissions from transportation-related sources by incentivizing use of fuels with lower carbon intensity.

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House Bill 3056 directs DEQ to issue clean fuels program credits to a credit generator for any unused credit allowable under the ODOE transportation tax credit program. To qualify, the credit generator must be a public transit operator serving at least two counties, having been approved as a credit generator prior to January 1, 2020, and must request clean fuels credits prior to December 1, 2021.