

HB 3056 A STAFF MEASURE SUMMARY

Joint Committee On Transportation

Action Date: 05/27/21

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)

House Vote

Yeas: 7 - Boshart Davis, Evans, Lewis, McLain, Nathanson, Noble, Power

Senate Vote

Yeas: 4 - Beyer, Boquist, Findley, Gorsek

Exc: 1 - Frederick

Fiscal: Has minimal fiscal impact

Revenue: No revenue impact

Prepared By: Patrick Brennan, LPRO Analyst

Meeting Dates: 3/11, 5/27

WHAT THE MEASURE DOES:

Directs the Department of Environmental Quality (DEQ) 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. Limits use of funds to purchase new zero-emission transit buses and investment in fleet charging infrastructure for transit operations. 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 DEQ to issue clean fuels program credits under measure no later than January 1, 2022. Takes effect on 91st day following adjournment sine die.

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:

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 (DEQ) 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 DEQ to issue clean fuels program credits under measure no later than January 1, 2022. Takes effect on 91st day following adjournment sine die.

BACKGROUND:

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

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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.

House Bill 3056 A 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. The measure limits applicability of credits to purchase of electric buses and charging infrastructure, and includes provisions to prevent double-applicability until sufficient credits have been earned.