

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2571 - 2**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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 Date: March 23, 2023

Measure Description:

Directs Department of Environmental Quality to establish program for providing rebates to qualifying individuals who purchase electric assisted bicycles or cargo electric bicycles and qualifying equipment.

Government Unit(s) Affected:

Department of Environmental Quality, Department of Transportation, Housing and Community Services
 Department

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Environmental Quality		
General Fund		
Special Payments	\$6,000,000	\$0
Total General Fund	\$6,000,000	\$0
Other Funds*		
Personal Services	\$195,437	\$300,679
Services and Supplies	\$718,688	\$1,257,750
Special Payments	\$0	\$3,527,446
Total Other Funds	\$914,125	\$5,085,875
Total Fiscal Impact	\$6,914,125	\$5,085,875
<i>Total Positions</i>	1	2
<i>Total FTE</i>	0.88	1.50

**Represents General Fund expended as Other Funds*

Analysis:

HB 2571 - 2 creates a program in the Department of Environmental Quality (DEQ) to provide rebate vouchers for electric bicycles with a minimum retail sales price of \$950. DEQ may hire or contract with a third-party to administer the program. Rebates are up to \$400, or, for households with income less than or equal to 80% of the area median income, \$1,200 or the purchase price of the electric bicycle minus \$200. The program administrator may collect certain demographic information or conduct annual surveys on actual use of bicycles purchased through the rebate program. The administrator is to develop a web-based system for approved electric bicycle retailers which includes a searchable database with the name and email address of people approved for rebates, as well as rebate voucher type and status, and optional demographic information; and which allows retailers to submit requests for reimbursement. DEQ is to reimburse retailers for rebates provided when the bicycle is purchased with a voucher.

The measure establishes the Electric Bicycle Incentive Fund, which is continuously appropriated to DEQ to carry out the rebate program. No more than 10% of the moneys in the fund may be used for administrative expenses.

The measure appropriates \$6 million General Fund for deposit in the fund, with \$2 million for rebates to individuals from households with income less than 80% of the area median income, and \$4 million for carrying out the provisions of the rebate program. This measure takes effect on the 91st day after the Legislature adjourns sine die.

Of the funds provided by this measure, approximately \$600,000 would be available to DEQ for administration of the rebate program. DEQ anticipates that the costs of implementing this measure would exceed this \$600,000 cap. Based on the agency's experience with the Oregon Clean Vehicle Rebate Program, DEQ estimates that costs to establish a voucher processing platform and website could total \$535,000. There would also be ongoing vendor costs, estimated at \$50,000 per month, for reporting, application processing, marketing, administration, platform operation and maintenance, and program dashboard administration. In total, the platform and vendor costs are estimated at \$685,000 in the 2023-25 biennium, and \$1.2 million in the 2025-27 biennium. The platform is anticipated to take at least 18 months to develop, which means that rebates will likely first be provided in the 2025-27 biennium. DEQ will also need to conduct rulemaking and start working with electric bicycle retailers during that time.

Additionally, the agency would hire one permanent, full-time Program Analyst 3 (0.88 FTE in the 2023-25 biennium, 1.00 FTE in the 2025-27 biennium) to establish the program, adopt rules, conduct outreach, manage contracts, and provide pre-qualification assistance. DEQ also anticipates needing a permanent part-time Accounting Technician (0.50 FTE in the 2025-27 biennium) to process program rebates once the program begins disbursing funds. Total costs of these positions are estimated at \$195,437 in the 2023-25 biennium, and \$300,679 in the 2025-27 biennium; with an additional \$33,688 and \$57,750 for position-related services and supplies each biennium respectively.

The table above does not assume that additional funding for rebates will be provided to DEQ at the same level in subsequent biennia.

The Legislative Fiscal Office (LFO) notes that implementation of this measure includes an information technology component that is likely to require DEQ to comply with the state's IT investment oversight processes. Therefore, the information technology pricing component of this impact statement serves as a high-level preliminary approximation. If this measure passes, the agency will have to: (1) complete business requirements analysis; (2) develop a business case; (3) hire/assign or contract with qualified and experienced project management or other professional staff resources; and (4) develop foundational project management plans to demonstrate the feasibility of the project and its scope, as well as refined cost and schedule estimates pursuant to protocols developed by the Office of the State Chief Information Officer and LFO. Depending on a variety of cost or risk factors, DEQ may also be required to contract for independent quality management services in compliance with ORS 276A.223.

There is no fiscal impact for the Oregon Department of Transportation and Housing and Community Services Department.