

HB 2714 A STAFF MEASURE SUMMARY**House Committee On Climate, Energy, and Environment****Action Date:** 04/03/23**Action:** Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)**Vote:** 6-4-0-0**Yeas:** 6 - Andersen, Helm, Kropf, Levy E, Marsh, Pham K**Nays:** 4 - Levy B, Osborne, Owens, Wallan**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Erin Pischke, LPRO Analyst**Meeting Dates:** 1/30, 4/3**WHAT THE MEASURE DOES:**

Defines “qualifying vehicle” as a motor vehicle, as defined in ORS 801.360, or a combination of vehicles operated as a unit, that: 1) has a gross vehicle weight rating of 8,501 pounds or greater; 2) has a drivetrain that produces zero exhaust emissions of any criteria pollutant or greenhouse gas; and 3) meets other criteria established by the Environmental Quality Commission (EQC) by rule. Requires the Oregon Department of Environmental Quality (DEQ) to establish a program for providing rebates to persons or entities that purchase or lease qualifying vehicles for use in Oregon. Authorizes the Director of DEQ to hire or contract with a third-party nonprofit organization to implement and serve as the administrator of the program. Authorizes DEQ to specify design features for the program and establish procedures to: 1) prioritize available moneys for specific qualifying vehicles; 2) limit the number of rebates available for each type of qualifying vehicle; and 3) limit the number of rebates available per applicant. Authorizes purchaser or lessee of a qualifying vehicle to apply for a rebate or choose to assign the rebate to a vehicle dealer. Requires rebates under the program to be made from moneys credited to or deposited in the Zero-Emission Medium and Heavy Duty Vehicle Incentive Fund. Requires DEQ to prescribe the rebate application procedure for purchasers and lessees and authorizes DEQ to choose to establish a dealer application or individual application procedure. Requires rebates for qualifying vehicles to be set annually at amounts determined by the EQC by rule. Authorizes EQC to establish an additional rebate for the purchase or lease of qualifying vehicles that will be registered to an address, or frequently operated, in an area of Oregon that is disproportionately burdened by air pollution as determined by EQC. Requires a person, to be eligible for a rebate, requesting a rebate under the program to: 1) purchase or lease, with a minimum lease term of 36 months, a qualifying vehicle; 2) provide proof of an intent to operate the qualifying vehicle primarily in Oregon; 3) submit an application for a rebate to the administrator of the program within three months after the date of purchase of the qualifying vehicle or three months after the date the lease of the qualifying vehicle begins; and 4) retain registration of the qualifying vehicle for a minimum of 36 consecutive months after the date of purchase or the date the lease begins. Establishes that more than 50 percent of the operation of the qualifying vehicle must occur in Oregon. Establishes requirements for rebate recipients. Requires a lease for a qualifying vehicle to have a minimum term of 36 months. Prohibits a rebate recipient from making or allowing any modifications to the qualifying vehicle’s emissions control systems, hardware, or software calibrations. Establishes requirements for a rebate recipient who sells the qualifying vehicle before the end of 36 months. Requires a rebate recipient to participate in ongoing research efforts, if requested. Requires the program administrator to work to ensure timely payment of rebates, with a goal of paying rebates within 90 days after receiving an application for a rebate. Authorizes a vehicle dealer to advertise the program on the premises owned or operated by the vehicle dealer. Prohibits a vehicle dealer who advertises the program, if no moneys are available from the program or the program otherwise changes, from being held liable for advertising false or misleading information. Authorizes

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DEQ to perform activities necessary to ensure that rebate recipients comply with applicable requirements. Authorizes EQC to adopt any rules necessary to carry out the rebate program. Establishes the Zero-Emission Medium and Heavy Duty Vehicle Incentive Fund (Fund) in the State Treasury, separate and distinct from the General Fund. Requires interest earned by the Fund to be credited to the Fund. Requires moneys in the Fund to consist of: amounts donated to the Fund; amounts appropriated or otherwise transferred to the Fund by the Legislative Assembly; other amounts deposited in the Fund from any public or private source; and interest earned by the Fund. Directs EQC to require by rule that at least 40 percent of the moneys deposited in the Fund per biennium are allocated to fund the provision of rebates for vehicles located in communities disproportionately burdened by diesel pollution. Establishes that moneys in the Fund are continuously appropriated to DEQ to be used to carry out the rebate program. Establishes that no more than 15 percent of the moneys deposited in the Fund per biennium may be expended to pay administrative expenses incurred in the administration of rebate program or any third-party organization that DEQ hires or contracts. Appropriates \$15,000,000 to DEQ out of the General Fund for deposit into the Fund.

ISSUES DISCUSSED:

- Types of eligible zero-emission vehicles
- Vehicle weight class
- Potential air quality improvements from zero-emission vehicles

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

In Oregon, several pieces of legislation and the Governor's Executive Order 20-04 have set goals for the state to address climate change. According to the U.S. Energy Information Administration, the transportation sector accounted for the largest proportion of energy consumption—30.4 percent in 2019. One of the proposed methods for reducing greenhouse gas emissions to mitigate climate change is to support electrification of the transportation sector and development of alternative vehicles and fuels. Transportation electrification is the use of electricity from external sources to provide power to all or part of a vehicle and includes programs and infrastructure investments to support using electricity to power vehicles (ORS 757.357). Transportation electrification is driven in part by adoption of zero-emission vehicles, widely available charging infrastructure, environmental benefits when compared to internal-combustion-engine vehicles, and supportive policies. According to the Oregon Department of Transportation and Oregon Department of Environmental Quality's *Incentives to Support the Transition to Zero Emissions for Medium- and Heavy-duty Sectors in Oregon* report, there is a gap in available existing state and federal grant program funds to support fleets as they transition to zero emission vehicles.

House Bill 2714 A directs the Department of Environmental Quality to establish a program to provide rebates to persons who purchase qualifying medium- or heavy-duty zero-emission vehicles.