

Rebate Suspension Threatens Climate and Equity Progress Support for HB 2613

Problem

The Oregon Clean Vehicle Rebate Program (OCVRP) fund is depleted and the program will be suspended as of May 1, 2023 for approximately one year. Suspension of the Oregon EV rebate is a huge step backward for Oregon's climate action efforts and will delay the critical and equitable transition to electric vehicles in the state.

Solution

[HB 2613](#) allocates \$30 million in one-time funding to the OCVRP, which will allow the program to resume in 2023 and ensure all Oregonians have equitable access in the transition to electric vehicles (EVs).

Rebate Program Funding Depleted

The Department of Environmental Quality (DEQ) has suspended the rebate program beginning May 1, 2023 and expects to deplete all available funds before that time.

DEQ projected \$14 million would be available to fund the OCVRP in 2023 from the Privilege Tax. However, demand for the rebate surpassed funding. Without additional funds the program will remain suspended until at least March 2024, when the privilege tax revenues are next received by the program. A one-time allocation of \$30 million to be used in the 2023-2025 biennium will minimize the program suspension and accelerate EV adoption among historically underserved communities.

Background

The Oregon Legislature created the OCVRP in the 2017 transportation investment package. The OCVRP is funded by the Vehicle Privilege Tax, which receives \$14 million from the Oregon DEQ each year. Of this, \$12 million is dedicated for EV rebates.

To address a shortfall, in 2022, lawmakers allocated \$15 million to help meet short-term demand. As more EV models became available and charging infrastructure improved, Oregon EV sales have increased. During the 2021-2023 biennium, DEQ provided more than 16,000 EV rebates totaling \$42 million. Since beginning in late 2018, the program has helped more than 25,000 Oregonians totalling approximately \$70 million.

The **Standard Rebate** offers up to a \$2,500 cash rebate to all Oregon drivers who purchase or lease new EVs with a MSRP under \$50,000. The **Charge Ahead Rebate** offers low- and moderate-income Oregonians an additional \$5,000 cash rebate for the purchase of a new or used EV.

Questions? Contact: Shannon Walton-Clark - Forth (916) 541-8998; Maddy Do - Thorn Run Partners (503) 830-8077

Importance of the EV Rebate Program

Financial Assistance for Oregonians

- Suspending the EV rebate will cause confusion and will be a huge step backward for Oregon's working families.
- The DEQ recently launched the OCVRP Community Engagement Program which includes the new low-and-moderate income pre-qualification program, just as they announced the OCVRP suspension. Outreach will be most effective when the program is no longer suspended.
- For those eligible, the OCVRP would enable the purchase of a used EV near cost parity when compared to a used fossil fuel vehicle. We must encourage the adoption of EVs to reduce emissions and also to build a robust used EV market.
- According to the US Department of Transportation, transportation is the second largest household expenditure category after housing in the United States

Reduce greenhouse gas emissions

- The OCVRP is a key tool for reducing carbon emissions, protecting families from unpredictable fuel costs and building energy independence. Now is not the time to remove this proven tool from our toolbox.
- The transportation system remains the State's largest source of carbon emissions.
- Oregon is a national leader for taking decisive measures to reduce greenhouse gas emissions and being on the front line when it comes to climate policies. The OCVRP is a great example of this leadership and is essential for all Oregonians to experience cleaner air and a more equitable future.

EVs still cost more than fossil fuel counterparts

- Due to market uncertainty and supply chain shortages, the upfront costs for an EV remain high. In 2022, Kelly Blue Book noted the average EV price increased by 16%.
- OCVRP has helped place Oregon in the top five states for EV sales. But even with this critical investment, we are still behind in meeting our climate goals.
- The Advanced Clean Cars II mandate requires all new vehicles sold in Oregon to be zero-emission by Model Year 2035. The OCVRP is essential in aiding Oregonians through this transition.
- The Legislature's EV goals include (SB1044, 2019):
 - * 250,000 registered ZEVs on Oregon roads by 2025. (As of early 2023 we have just over 65,000.)
 - * At least 25% of registered vehicles and at least 50% of new vehicles sold annually are ZEVs by 2030
 - * At least 90% of new motor vehicles sold annually will be ZEVs by 2035

Questions? Contact: Shannon Walton-Clark - Forth (916) 541-8998; Maddy Do - Thorn Run Partners (503) 830-8077