

HB 4151 A -A8 STAFF MEASURE SUMMARY

House Committee On Revenue

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/25

WHAT THE MEASURE DOES:

Increases by 0.5 percent privilege tax that is imposed on vehicle dealers that sell taxable motor vehicles. Increases by 0.5 percent use tax that is imposed on taxable motor vehicles that are purchased at retail from any seller in certain area. Applies increased privilege tax and use tax to any taxable motor vehicle sold at retail on or after January 1, 2021, that is registered by a purchaser residing within a county within a metropolitan service district. Requires Department of Revenue (Department) transfer privilege tax moneys computed on basis of 0.5 percent increased rate to Zero-Emission Incentive Fund. Requires electric company to invest no less than 0.5 percent of total rates collected annually from retail consumers within the metropolitan service district to support the acceleration of transportation electrification. Requires electric company to file application with Public Utility Commission (PUC) for acceptance of a program funded with these revenues and directs the PUC to report on the funded programs to the Legislative Assembly annually. Authorizes PUC to allow electric companies to recover certain infrastructure costs in support of transportation electrification from rate-payers if expenditures meet certain criteria. Becomes operative January 1, 2021. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-A8 Clarifies language for the applicability and usage of the program as well as the PUC procedures.

BACKGROUND:

Approximately 40% of Oregon's greenhouse gas emissions come from the transportation sector. In 2017, the Legislative Assembly passed House Bill 2017, which proposed two new vehicle taxes in Oregon: the vehicle privilege tax and vehicle use tax. The tax for the privilege of selling vehicles in Oregon was determined not to be a highway fund restricted by the courts, while the use tax on vehicles purchased from out-of-state dealers that are required to be registered and titled in Oregon is a restricted the highway fund. House Bill 2017 (the 2017 Transportation Package) authorized the Department of Environmental Quality to provide rebates to qualifying Oregonians who purchased certain types of zero-emission vehicles. The funding from the newly adopted taxes (\$12 million annually) provide rebates, using revenues from the privilege tax to the Zero-Emission Incentive Fund, and the Charge Ahead Oregon Program established by House Bill 2017. The initiative was subsequently modified through House Bill 4059 in 2018 and House Bill 2592 in 2019. Both rebates of \$2,500 are administered through a zero-emission and electric vehicle rebate program and the Charge Ahead Oregon Program (for lower income buyers). House Bill 4151-A increases the vehicle privilege and use taxes in the Portland-Metro area and directs revenue from the increased privilege tax to supplement rebates granted through the zero-emission and electric vehicle rebate program, and the Charge Ahead Oregon Program. The combined rebate for all the programs for a qualifying vehicles in the Metro area could reach \$10,000 for a low income applicant. House Bill 4151-A would also require that electric companies invest no less than one half of one percent of total rates collected annually from retail electricity consumers in programs to accelerate transportation electrification and authorize the Public Utility Commission to allow electric companies to recover certain infrastructure costs in support of transportation electrification from rate-payers.