

**A-Engrossed
House Bill 4151**

Ordered by the House February 18
Including House Amendments dated February 18

Sponsored by Representative SMITH DB, Senator ROBLAN, Representative WITT; Representatives BARKER, BARRETO, DOHERTY, EVANS, GOMBERG, LEIF, LEWIS, LIVELY, MCLAIN, MEEK, NOBLE, REARDON, SCHOUTEN, SMITH G, WILLIAMS, Senators FINDLEY, FREDERICK, GOLDEN, KNOPP (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Increases rate of privilege tax imposed on Oregon motor vehicle dealers upon retail sale of taxable motor vehicle and rate of use tax imposed on storage, use or other consumption in this state of taxable motor vehicle purchased at retail. Applies to any taxable motor vehicle sold at retail in any jurisdiction within or outside this state that is registered by purchaser residing **within county any part of which is situated** within boundaries of metropolitan service district to address within [*district*] **county**. Directs revenue from increase in privilege tax to be used to supplement rebates otherwise made under zero-emission and electric vehicle rebate program and Charge Ahead Oregon Program **with respect to taxable motor vehicles registered by purchaser residing within county any part of which is situated within boundaries of metropolitan service district to address within county**.

[*Requires electric companies, Oregon Community Power and consumer-owned utilities to collect one percent public purpose charge from retail electricity consumers located within part of service area that is within Portland metropolitan service district. Requires investment of public purpose charge funds in programs to accelerate transportation electrification and grid modernization efforts that support transportation electrification. Authorizes certain retail electricity consumers to direct their own transportation electrification projects and receive credit against public purpose charges.*] **Requires electric companies to invest amount in programs to support acceleration of transportation electrification that is equal to no less than one-half of one percent of total rates collected annually from retail electricity consumers located within part of service area that is within Portland metropolitan service district. Modifies provisions relating to transportation electrification. Directs Public Utility Commission to submit annual report to Legislative Assembly on programs.**

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to funding the transition to electric motor vehicles; creating new provisions; amending ORS
3 320.400, 320.435 and 757.357 and section 148, chapter 750, Oregon Laws 2017; prescribing an ef-
4 fective date; and providing for revenue raising that requires approval by a three-fifths majority.

5 **Be It Enacted by the People of the State of Oregon:**

6 **SECTION 1. Section 2 of this 2020 Act is added to and made a part of ORS 320.400 to**
7 **320.490.**

8 **SECTION 2. (1)(a) This section applies to any taxable motor vehicle sold at retail in any**
9 **jurisdiction within or outside this state that is registered, by a purchaser residing within a**
10 **county any part of which is situated within the boundaries of a metropolitan service district**
11 **established under ORS chapter 268, to an address within the county.**

12 **(b) All provisions of ORS 320.400 to 320.490 and 803.203 that are not inconsistent with this**
13 **section apply to this section.**

14 **(2)(a) The tax imposed under ORS 320.405 on each vehicle dealer for the privilege of en-**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **gaging in the business of selling taxable motor vehicles described in subsection (1)(a) of this**
2 **section at retail in this state is increased by 0.5 percent.**

3 **(b) The use tax imposed under ORS 320.410 on the storage, use or other consumption in**
4 **this state of taxable motor vehicles described in subsection (1)(a) of this section that are**
5 **purchased at retail from any seller is increased by 0.5 percent.**

6 **(3) ORS 320.435 applies to all revenue collected by the Department of Revenue under this**
7 **section.**

8 **(4)(a)(A) Revenue attributable to the increase in the privilege tax rate imposed under this**
9 **section shall be used to increase rebates made under the zero-emission and electric vehicle**
10 **rebate program established pursuant to section 149, chapter 750, Oregon Laws 2017, and the**
11 **Charge Ahead Oregon Program established pursuant to section 150, chapter 750, Oregon**
12 **Laws 2017, by \$2,500 per rebate.**

13 **(B) The additional rebate authorized under this section may be made only with respect**
14 **to a taxable motor vehicle that:**

15 **(i) Qualifies or is eligible under either or both of the rebate programs described in sub-**
16 **paragraph (A) of this paragraph; and**

17 **(ii) Is described in subsection (1)(a) of this section.**

18 **(b) Paragraph (a) of this subsection does not apply to rebates made under section 149,**
19 **chapter 750, Oregon Laws 2017, for neighborhood electric vehicles or zero-emission motor-**
20 **cycles, as those terms are defined in section 148, chapter 750, Oregon Laws 2017.**

21 **(c) The \$2,500 increase per rebate provided under paragraph (a) of this subsection is in-**
22 **tended to supplement and not supplant the rebates otherwise made under the zero-emission**
23 **and electric vehicle rebate program and the Charge Ahead Oregon Program.**

24 **(5) The tax increases imposed under subsection (2) of this section apply to a taxable**
25 **motor vehicle regardless of whether the taxable motor vehicle is a qualifying vehicle as de-**
26 **fined in chapter 148, section 750, Oregon Laws 2017, or a vehicle eligible for a rebate under**
27 **section 150 (4), chapter 750, Oregon Laws 2017.**

28 **SECTION 3. Section 2 of this 2020 Act applies to taxable motor vehicles sold at retail on**
29 **or after January 1, 2021.**

30 **SECTION 3a. The tax increases imposed under section 2 (2) of this 2020 Act become op-**
31 **erative on January 1, 2021.**

32 **SECTION 3b. Section 148, chapter 750, Oregon Laws 2017, as amended by section 154, chapter**
33 **750, Oregon Laws 2017, and section 34, chapter 491, Oregon Laws 2019, is amended to read:**

34 **Sec. 148.** As used in sections 148 to 152, chapter 750, Oregon Laws 2017:

35 (1) "Light-duty zero-emission vehicle" means a motor vehicle that:

36 (a) Has a gross vehicle weight rating of 8,500 pounds or less;

37 (b) Is capable of attaining a speed of 55 miles per hour or more; and

38 (c) Is powered:

39 (A) Primarily by an electric battery and may or may not use a flywheel energy storage device
40 or a capacitor that also stores energy to assist in vehicle operation.

41 (B) By polymer electrolyte membrane fuel cells or proton exchange membrane fuel cells that use
42 hydrogen fuel and oxygen from the air to produce electricity.

43 (C) Primarily by a zero-emission energy storage device that provides enough power for the ve-
44 hicle to travel 75 miles or more using only electricity and may or may not use a backup alternative
45 power unit that does not operate until the energy storage device is fully depleted.

- 1 (2) “Motor vehicle” has the meaning given that term in ORS 801.360.
- 2 (3) “Neighborhood electric vehicle” means a low-speed vehicle that:
- 3 (a) Is powered using an electric battery;
- 4 (b) Has a gross vehicle weight not exceeding 3,000 pounds; and
- 5 (c) Has at least four wheels.
- 6 (4) “Person” means a person as defined in ORS 174.100 or a public body as defined in ORS
- 7 174.109.
- 8 (5) “Plug-in hybrid electric vehicle” means a hybrid electric motor vehicle that:
- 9 (a) Has zero evaporative emissions from its fuel system;
- 10 (b) Has an onboard electrical energy storage device with useful capacity of 10 or more miles
- 11 of urban dynamometer driving schedule range, as described by the United States Environmental
- 12 Protection Agency, on electricity alone;
- 13 (c) Is equipped with an onboard charger;
- 14 (d) Is rechargeable from an external connection to an off-board electrical source;
- 15 (e) Meets the super ultra-low emission vehicle standards for exhaust emissions, as defined by the
- 16 Environmental Quality Commission by rule;
- 17 (f) Has a warranty of at least 15 years and 150,000 miles on emission control components; and
- 18 (g) Is capable of attaining a speed of 55 miles per hour or more.
- 19 (6) “Qualifying vehicle” means a motor vehicle that:
- 20 (a) Is a:
- 21 (A) Light-duty zero-emission vehicle;
- 22 (B) Neighborhood electric vehicle;
- 23 (C) Plug-in hybrid electric vehicle; or
- 24 (D) Zero-emission motorcycle;
- 25 (b) Is new, or has been previously used only as a dealership floor model or test-drive vehicle;
- 26 (c) Has not previously been registered;
- 27 (d) Is constructed entirely from new parts that have never been the subject of a retail sale;
- 28 (e) Has a base manufacturer’s suggested retail price of less than \$50,000;
- 29 (f) Is covered by a manufacturer’s express warranty on the vehicle drive train, including the
- 30 applicable energy storage system or battery pack, for at least 24 months from the date of purchase;
- 31 and
- 32 (g) Is certified by the manufacturer to comply with all applicable federal safety standards issued
- 33 by the National Highway Traffic Safety Administration for new motor vehicles and new motor ve-
- 34 hicle equipment.
- 35 (7)(a) “Vehicle dealer” *[means:]* **has the meaning given that term in ORS 320.400.**
- 36 *[(A) A person engaged in business in this state that has been issued a vehicle dealer certificate*
- 37 *under ORS 822.020; and]*
- 38 *[(B) A person engaged in business in another state that would be subject to ORS 822.005 if the*
- 39 *person engaged in business in this state.]*
- 40 *[(b) Notwithstanding paragraph (a) of this subsection, a person is not a vehicle dealer for purposes*
- 41 *of sections 148 to 152, chapter 750, Oregon Laws 2017, to the extent the person:]*
- 42 *[(A) Conducts an event that lasts less than seven consecutive days, for which the public is charged*
- 43 *admission and at which otherwise qualifying vehicles are sold at auction; or]*
- 44 *[(B) Sells an otherwise qualifying vehicle at auction at an event described in this paragraph.]*
- 45 (8) “Zero-emission motorcycle” means a motorcycle that:

- 1 (a) Has zero evaporative emissions from its fuel system;
- 2 (b) Is capable of attaining a speed of 55 miles per hour or more;
- 3 (c) Is designed to travel on two wheels; and
- 4 (d) Is powered by electricity.

5 **SECTION 3c.** ORS 320.400 is amended to read:

6 320.400. As used in ORS 320.400 to 320.490 and 803.203:

7 (1)(a) "Bicycle" means:

8 (A) A vehicle that is designed to be operated on the ground on wheels and is propelled exclu-
9 sively by human power; or

10 (B) An electric assisted bicycle as defined in ORS 801.258.

11 (b) "Bicycle" does not include:

12 (A) Carts;

13 (B) Durable medical equipment;

14 (C) In-line skates;

15 (D) Roller skates;

16 (E) Skateboards;

17 (F) Stand-up scooters;

18 (G) Strollers designed for the transportation of children;

19 (H) Trailer cycles or other bicycle attachments; or

20 (I) Wagons.

21 (2)(a) "Retail sales price" means the total price paid at retail for a taxable vehicle, exclusive
22 of the amount of any excise, privilege or use tax, to a seller by a purchaser of the taxable vehicle.

23 (b) "Retail sales price" does not include the retail value of:

24 (A) Modifications to a taxable vehicle that are necessary for a person with a disability to enter
25 or drive or to otherwise operate or use the vehicle.

26 (B) Customized industrial modifications to the chassis of a truck that has a gross vehicle weight
27 rating of at least 10,000 pounds and not more than 26,000 pounds.

28 (3) "Seller" means:

29 (a) With respect to the privilege tax imposed under ORS 320.405 and the use tax imposed under
30 ORS 320.410, a vehicle dealer.

31 (b) With respect to the excise tax imposed under ORS 320.415, a person engaged in whole or in
32 part in the business of selling bicycles.

33 (4) "Taxable bicycle" means a new bicycle that has a retail sales price of \$200 or more.

34 (5) "Taxable motor vehicle" means a vehicle that:

35 (a) Has a gross vehicle weight rating of 26,000 pounds or less;

36 (b)(A) If equipped with an odometer, has 7,500 miles or less on the odometer; or

37 (B) If not equipped with an odometer, has a manufacturer's certificate of origin or a
38 manufacturer's statement of origin; and

39 (c) Is:

40 (A) A vehicle as defined in ORS 744.850, other than an all-terrain vehicle or a trailer;

41 (B) A camper as defined in ORS 801.180;

42 (C) A commercial bus as defined in ORS 801.200;

43 (D) A commercial motor vehicle as defined in ORS 801.208;

44 (E) A commercial vehicle as defined in ORS 801.210;

45 (F) A fixed load vehicle as defined in ORS 801.285;

1 (G) A moped as defined in ORS 801.345;

2 (H) A motor home as defined in ORS 801.350;

3 (I) A motor truck as defined in ORS 801.355;

4 (J) A tank vehicle as defined in ORS 801.522;

5 (K) A trailer as defined in ORS 801.560 that is required to be registered in this state;

6 (L) A truck tractor as defined in ORS 801.575; or

7 (M) A worker transport bus as defined in ORS 801.610.

8 (6) "Taxable vehicle" means a taxable bicycle or a taxable motor vehicle.

9 (7) "Transportation project taxes" means the privilege tax imposed under ORS 320.405, the use
10 tax imposed under ORS 320.410 and the excise tax imposed under ORS 320.415.

11 (8)(a) "Vehicle dealer" means:

12 (A) A person engaged in business in this state that is required to obtain a vehicle dealer cer-
13 tificate under ORS 822.005; and

14 (B) A person engaged in business in another state that would be subject to ORS 822.005 if the
15 person engaged in business in this state.

16 (b) Notwithstanding paragraph (a) of this subsection, a person is not a vehicle dealer [*for pur-*
17 *poses of ORS 320.400 to 320.490 and 803.203*] to the extent the person:

18 (A) Conducts an event that lasts less than seven consecutive days, for which the public is
19 charged admission and at which otherwise taxable motor vehicles are sold at auction; or

20 (B) Sells an otherwise taxable motor vehicle at auction at an event described in this paragraph.

21 **SECTION 3d.** ORS 320.435 is amended to read:

22 320.435. (1) The Department of Revenue shall deposit all revenue collected from the privilege tax
23 imposed under ORS 320.405 and the use tax imposed under ORS 320.410 in a suspense account es-
24 tablished under ORS 293.445 for the purpose of receiving the revenue. The department may pay ex-
25 penses for the administration and enforcement of the privilege and use taxes out of moneys received
26 from the privilege and use taxes. Amounts necessary to pay administrative and enforcement ex-
27 penses are continuously appropriated to the department from the suspense account.

28 (2) After payment of administrative and enforcement expenses under subsection (1) of this sec-
29 tion and refunds or credits arising from erroneous overpayments, the department shall transfer the
30 balance of the moneys received from the privilege and use taxes as follows:

31 (a) Moneys attributable to the privilege tax shall be transferred as follows:

32 **(A) Privilege tax moneys computed on the basis of the rate imposed under section 2 of**
33 **this 2020 Act shall be transferred to the Zero-Emission Incentive Fund established under**
34 **section 152, chapter 750, Oregon Laws 2017.**

35 **[(A)] (B) Of the privilege tax moneys computed on the basis of the rate imposed under**
36 **ORS 320.405:**

37 **(i) The first \$12 million shall be transferred annually to the Zero-Emission Incentive Fund es-**
38 **tablished under section 152, chapter 750, Oregon Laws 2017[.]; and**

39 **[(B)] (ii) [After the transfer required under subparagraph (A) of this paragraph,] The balance of**
40 **the moneys shall be transferred to the Connect Oregon Fund established under ORS 367.080.**

41 (b) Moneys attributable to the use tax shall be transferred to the State Highway Fund.

42 **SECTION 3e.** ORS 320.435, as amended by section 96a, chapter 750, Oregon Laws 2017, is
43 amended to read:

44 320.435. (1) The Department of Revenue shall deposit all revenue collected from the privilege tax
45 imposed under ORS 320.405 and the use tax imposed under ORS 320.410 in a suspense account es-

1 tablished under ORS 293.445 for the purpose of receiving the revenue. The department may pay ex-
2 penses for the administration and enforcement of the privilege and use taxes out of moneys received
3 from the privilege and use taxes. Amounts necessary to pay administrative and enforcement ex-
4 penses are continuously appropriated to the department from the suspense account.

5 (2) After payment of administrative and enforcement expenses under subsection (1) of this sec-
6 tion and refunds or credits arising from erroneous overpayments, the department shall transfer the
7 balance of the moneys received from the privilege and use taxes as follows:

8 (a) **Privilege tax moneys computed on the basis of the rate imposed under section 2 of**
9 **this 2020 Act shall be transferred to the Zero-Emission Incentive Fund established under**
10 **section 152, chapter 750, Oregon Laws 2017.**

11 [(a)] (b) [*Moneys attributable to the*] Privilege tax **moneys computed on the basis of the rate**
12 **imposed under ORS 320.405** shall be transferred to the Connect Oregon Fund established under
13 ORS 367.080.

14 [(b)] (c) Moneys attributable to the use tax shall be transferred to the State Highway Fund.

15 **SECTION 4. (1) An electric company, as defined in ORS 757.600, shall invest no less than**
16 **one-half of one percent of the total rates described in subsection (2) of this section in pro-**
17 **grams to support the acceleration of transportation electrification.**

18 (2) **This section applies to the total rates collected annually by the electric company from**
19 **all retail electricity consumers located within that part of the electric company's service**
20 **area that is within the boundaries of the metropolitan service district established under ORS**
21 **chapter 268.**

22 (3) **An electric company shall file an application with the Public Utility Commission for**
23 **acceptance of a proposed program funded with revenues collected under this section. Appli-**
24 **cations filed under this section are subject to ORS 757.357.**

25 (4) **The commission shall submit an annual report, in the manner provided in ORS**
26 **192.245, to the Legislative Assembly on the programs funded as required by this section.**

27 **SECTION 5.** ORS 757.357 is amended to read:

28 757.357. [(1) *As used in this section:*]

29 [(a) *"Electric company" has the meaning given that term in ORS 757.600.*]

30 [(b) *"Transportation electrification" means:*]

31 [(A) *The use of electricity from external sources to provide power to all or part of a vehicle;*]

32 [(B) *Programs related to developing the use of electricity for the purpose described in subparagraph*
33 *(A) of this paragraph; and*]

34 [(C) *Infrastructure investments related to developing the use of electricity for the purpose described*
35 *in subparagraph (A) of this paragraph.*]

36 [(c) *"Vehicle" means a vehicle, vessel, train, boat or any other equipment that is mobile.*]

37 [(2)] (1) The Legislative Assembly finds and declares that:

38 (a) Transportation electrification is necessary to reduce petroleum use, achieve optimum levels
39 of energy efficiency and carbon reduction, meet federal and state air quality standards, meet this
40 state's greenhouse gas emissions reduction goals described in ORS 468A.205 and improve the public
41 health and safety;

42 (b) Widespread transportation electrification requires that electric companies increase access to
43 the use of electricity as a transportation fuel;

44 (c) Widespread transportation electrification requires that electric companies increase access to
45 the use of electricity as a transportation fuel in low and moderate income communities;

1 (d) Widespread transportation electrification should stimulate innovation and competition, pro-
2 vide consumers with increased options in the use of charging equipment and in procuring services
3 from suppliers of electricity, attract private capital investments and create high quality jobs in this
4 state;

5 (e) Transportation electrification and the purchase and use of electric vehicles should assist in
6 managing the electrical grid, integrating generation from renewable energy resources and improving
7 electric system efficiency and operational flexibility, including the ability of an electric company to
8 integrate variable generating resources;

9 (f) Deploying transportation electrification and electric vehicles creates the opportunity for an
10 electric company to propose, to the Public Utility Commission, that a net benefit for the customers
11 of the electric company is attainable; and

12 (g) Charging electric vehicles in a manner that provides benefits to electrical grid management
13 affords fuel cost savings for vehicle drivers.

14 [(3)] **(2)** The Public Utility Commission shall direct each electric company to file applications,
15 in a form and manner prescribed by the commission, for programs to *[accelerate]* **support the ac-**
16 **celeration of** transportation electrification. A program proposed by an electric company may in-
17 clude prudent investments in or customer rebates for electric vehicle charging and related
18 infrastructure.

19 *[(4) When considering a transportation electrification program and determining cost recovery for*
20 *investments and other expenditures related to a program proposed by an electric company under sub-*
21 *section (3) of this section, the commission shall consider whether the investments and other expen-*
22 *ditures:]*

23 *[(a) Are within the service territory of the electric company;]*

24 *[(b) Are prudent as determined by the commission;]*

25 *[(c) Are reasonably expected to be used and useful as determined by the commission;]*

26 *[(d) Are reasonably expected to enable the electric company to support the electric company's elec-*
27 *trical system;]*

28 *[(e) Are reasonably expected to improve the electric company's electrical system efficiency and op-*
29 *erational flexibility, including the ability of the electric company to integrate variable generating re-*
30 *sources; and]*

31 *[(f) Are reasonably expected to stimulate innovation, competition and customer choice in electric*
32 *vehicle charging and related infrastructure and services.]*

33 **(3) The commission may allow an electric company to recover costs from retail electric-**
34 **ity consumers for prudent investments or expenditures in infrastructure measures, including**
35 **infrastructure measures behind the meter that support the acceleration of transportation**
36 **electrification in the electric company's service territory, if the commission finds the**
37 **infrastructure measures can be reasonably anticipated to:**

38 **(a) Support reductions of transportation sector greenhouse gas emissions over time; and**

39 **(b) Benefit the electric company's retail electricity consumers in ways that may include,**
40 **but need not be limited to:**

41 **(A) Supporting the electric company's electrical system and provide distribution and**
42 **transmission management benefits;**

43 **(B) The use of revenues from electric vehicle charging to offset utilities' fixed costs that**
44 **may otherwise be charged to retail electricity consumers;**

45 **(C) Reasonably expected improvements to the electric company's electrical system effi-**

1 **ciency and operational flexibility, including the ability of the electric company to integrate**
2 **variable generating resources, or provide other economic values inuring to the benefit of**
3 **retail electricity consumers over the long term; or**

4 **(D) Reasonably expected increases in customer choice and access to greater transporta-**
5 **tion electrification infrastructure and services.**

6 [(5)(a)] (4)(a) Tariff schedules and rates allowed pursuant to subsection [(3)] (2) of this section:

7 (A) May allow a return of and a return on an investment made by an electric company under
8 subsection [(3)] (2) of this section; and

9 (B) Shall be recovered from all customers of an electric company in a manner that is similar to
10 the recovery of distribution system investments.

11 (b) A return on investment allowed under this subsection may be earned for a period of time
12 that does not exceed the depreciation schedule of the investment approved by the commission. When
13 an electric company's investment is fully depreciated, the commission may authorize the electric
14 company to donate the electric vehicle charging infrastructure to the owner of the property on
15 which the infrastructure is located.

16 [(6)] (5) For purposes of ORS 757.355, electric vehicle charging infrastructure provides utility
17 service to the customers of an electric company.

18 [(7)] (6) In authorizing programs described in subsection [(3)] (2) of this section, the commission
19 shall review data concerning current and future adoption of electric vehicles and utilization of
20 electric vehicle charging infrastructure. If market barriers unrelated to the investment made by an
21 electric company prevent electric vehicles from adequately utilizing available electric vehicle
22 charging infrastructure, the commission may not permit additional investments in transportation
23 electrification without a reasonable showing that the investments would not result in long-term
24 stranded costs recoverable from the customers of electric companies.

25 **SECTION 6. Section 4 of this 2020 Act and the amendments to ORS 757.357 by section 5**
26 **of this 2020 Act become operative on January 1, 2021.**

27 **SECTION 7. This 2020 Act takes effect on the 91st day after the date on which the 2020**
28 **regular session of the Eightieth Legislative Assembly adjourns sine die.**

29