

**REVENUE IMPACT OF
PROPOSED LEGISLATION
81st Oregon Legislative Assembly
2021 Regular Session
Legislative Revenue Office**

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|----------------------|-------------------------------|
| Bill Number: | HB 2165 - A2 |
| Revenue Area: | Transportation Revenue |
| Economist: | Mazen Malik |
| Date: | 04-26-2021 |

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Requires electric companies that make sales of electricity to 25,000 or more retail electricity consumers in this state to collect amount from all retail electricity consumers, to be expended to support transportation electrification pursuant to plan accepted by Public Utility Commission. Repeals sunset on fund transfer from privilege tax revenues to the zero emission and electric vehicle rebate program. Includes hydrogen fuel cell vehicles with MSRP up to \$60,000 in the rebate program.

Revenue Impact:

The measure continues the annual transfer of \$12 million from the privilege tax revenue beyond the current sunset date of January 2, 2024. The revenue would otherwise go to the Connect Oregon Fund after the sunset date.

Impact Explanation:

This measure is divided between two main activities: Transportation Electrification & Infrastructure, and Zero-Emission & Electric Vehicle (ZEEV) Rebates.

The portion of the bill related to the Oregon Public Utility Commission (PUC) directs an electric company to collect an amount of $\frac{1}{4}$ of one percent of total revenues from retail electricity consumers and expend those funds to support and integrate transportation electrification. The Commission is granted broad authority to approve and determine prudent electrification investments. The Commission may allow utilities to recover costs on their investments that benefit the utility customers and may include expenditures outside the utilities' service territory. These provisions are repealed on January 1, 2031.

The ZEEV portion of the measure is related to Oregon Department of Environmental Quality (DEQ) Charge Ahead Program (zero-emission vehicle rebates), which is expanded to allow for "low-income service providers" and "qualifying households". Additionally, section 5 doubles the amount of the rebate available, from up to \$2,500 but not less than \$1,250, to up to \$5,000 but not less than \$2,500. The Charge Ahead Rebate program is funded by an annual transfer of \$12 million from DOR to DEQ of privilege tax revenue.

A tax of 0.5% of new vehicle value was imposed (by HB 2017) on dealers for the privilege of selling in Oregon. Privilege tax revenue is expected to average \$31 million a year for the foreseeable future. An annual transfer of \$12 million is used to fund DEQ's Charge Ahead Program. However, this transfer was designed to sunset on January 2, 2024. The measure repeals this sunset, making the Charge Ahead Program and the annual fund transfer

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permanent. The –A2 amendment increases the maximum eligible retail price for certain eligible vehicles, from \$50,000 to \$60,000. Vehicles eligible for this price increase include polymer electrolyte membrane fuel cells; and proton exchange membrane fuel cells that use hydrogen fuel and oxygen from the air to produce electricity. The remaining revenue (beyond the \$12 million) is currently used to support the Connect Oregon program, which funds multimodal transportation projects across Oregon (including marine, rail, and aviation projects). The Connect Oregon program is statutorily mandated to have a minimum \$50 million balance before a competitive project selection process can take place. Due to its inability to achieve the \$50 million minimum, the Connect Oregon program is likely to continue being an every-other-biennium program beyond 2024.

Creates, Extends, or Expands Tax Expenditure: Yes No