

HB 2714 -1 STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Prepared By: Erin Pischke, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 1/30

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 that is greater than 14,000 pounds; 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 that purchase 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 and 2) limit the number of rebates available for each type of qualifying vehicle. Authorizes purchaser of a qualifying vehicle to apply for a rebate for a portion of the purchase price or may 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 (Fund). Requires DEQ to prescribe the rebate application procedure for purchasers. Requires rebates for qualifying vehicles to be set annually at amounts determined by the Environmental Quality Commission (EQC) by rule. Authorizes EQC to establish separate rebate amounts for different classes of vehicles and to establish an additional rebate for fleet owners that purchase qualifying vehicles that will be registered to an address, or frequently operated, in an area of this state 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 a qualifying vehicle; 2) provide proof of an intent to use the qualifying vehicle primarily on the public highways in Oregon; 3) submit an application for a rebate to the administrator of the program within six months after the date of purchase of the qualifying vehicle; and 4) retain registration of the qualifying vehicle for a minimum of 24 consecutive months after the date of purchase. 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 24 months. Allows a rebate recipient to be requested to participate in ongoing research efforts. Requires the administrator of the program to work to ensure timely payment of rebates, with a goal of paying rebates within 60 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 EQC to adopt any rules necessary to carry out the provisions of section 1 of the Act. 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. Establishes that moneys in the Zero-Emission Medium and Heavy Duty Vehicle Incentive Fund are continuously appropriated to the Department of Environmental Quality to be used to carry out the provisions of section 1 of the Act.

- *REVENUE: May have revenue impact, but no statement yet issued*

HB 2714 -1 STAFF MEASURE SUMMARY

- *FISCAL: May have fiscal impact, but no statement yet issued*

Subsequent Referral to *Ways and Means*.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Replaces the measure.

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 and 2) limit the number of rebates available for each type of qualifying vehicle. Authorizes purchaser **or lessee** of a qualifying vehicle to apply for a rebate or may 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 fleet owners that purchase **or lease** 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** a qualifying vehicle; 2) provide proof of an intent to use the qualifying vehicle primarily on the public highways 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 24 consecutive months after the date of purchase **or the date the lease begins. Requires a lease for a qualifying vehicle to have a minimum term of 24 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 24 months. Allows a rebate recipient to be requested to participate in ongoing research efforts. Requires the administrator of the program 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 EQC to adopt any rules necessary to carry out the provisions of section 1 of the Act. 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. Establishes that moneys in the Fund are continuously appropriated to the Department of Environmental Quality to be used to carry out the provisions of section 1 of the Act. **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 section 2 of the Act by DEQ or any third-party organization that DEQ**

hires or contracts with under section 2 of the Act. Appropriates to DEQ, in addition to and not in lieu of any other appropriation, for the biennium beginning July 1, 2023, out of the General Fund, the amount of \$15,000,000, for deposit into the Fund established under section 3 of the Act.

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 would direct the Department of Environmental Quality to establish a program to provide rebates to persons that purchase qualifying medium- or heavy-duty zero-emission vehicles.