

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2714 - 4**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

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

Government Unit(s) Affected:

Department of Environmental Quality, Department of Transportation

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Department of Environmental Quality		
General Fund		
Special Payments	\$15,000,000	\$0
Total General Fund	\$15,000,000	\$0
Other Funds*		
Personal Services	\$167,516	\$378,001
Services and Supplies	\$148,875	\$102,000
Special Payments		\$14,203,608
Total Other Funds	\$316,391	\$14,683,609
Total Fiscal Impact	\$15,316,391	\$14,683,609
<i>Total Positions</i>	1	2
<i>Total FTE</i>	0.75	2.00
<i>*Represents General Fund expended as Other Funds</i>		

Analysis:

HB 2714 - 4 creates a rebate program in the Department of Environmental Quality (DEQ) for purchase or lease of vehicles that meet certain criteria, including a gross vehicle weight of over 8,500 pounds. DEQ may hire or contract with a third-party nonprofit to administer the program. The Environmental Quality Commission is to determine rebate amounts annually by rule, and may establish different rebate amounts for different classes of vehicles, and additional rebates for vehicles in areas disproportionately burdened by air pollution. The measure outlines eligibility requirements, including that the vehicle kept for three years after purchase or leasing, or the person receiving the rebate must pay back the rebate on a prorated basis unless the repayment provision is waived for cause. Rebate recipients must maintain records of miles driven or hours of use and provide an annual report to DEQ showing that more than 50% of vehicle use occurred in Oregon.

The measure establishes the Zero-Emission Medium and Heavy Duty Vehicle Incentive Fund which is continuously appropriated to DEQ to carry out this program, with no more than 15% used for administration. At least 40% of funds deposited in the account per biennium are for rebates for vehicles in areas disproportionately burdened by diesel pollution. The measure appropriates \$15 million General Fund for deposit in the fund. The measure takes

effect January 1, 2024.

DEQ anticipates that of the \$15 million appropriated, \$14.2 million would be disbursed as grants starting in the 2025-27 biennium, with the remaining funds used for administration. To implement this measure, DEQ would hire two permanent full-time positions, including a Program Analyst 3 (0.75 FTE in 2023-25 and 1.00 FTE in 2025-27) to do rulemaking, stakeholder outreach, contract management, program research, and review applications and reports; and an Accounting Technician (1.00 FTE in the 2023-25 biennium) to process rebates. DEQ would also have estimated costs of \$120,000 to establish a rebate processing platform and website in the 2023-25 biennium, with ongoing maintenance costs of \$25,000 each biennium, based on the agency's experience setting up a similar platform for the Oregon Clean Vehicle Rebate Program.

There is minimal fiscal impact for the Oregon Department of Transportation.