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TO: Chairs Michael Dembrow and Khanh Pham, and the Joint Subcommittee on Natural Resources
RE: HB 5018

There is a very important program at the Department of Environmental Quality which has run out of funding and needs an additional appropriation. DEQ just announced the suspension of the Oregon Clean Vehicle Rebate Program because the funding stream from a privilege tax has not kept up with demand. Since the state is already lagging on reaching its legislative goals for electric vehicle adoption, it is clear that the designated funding source was always inadequate to meet those targets. A stand-alone bill, [HB 2613](#), proposes to add \$30 million to the rebate program to shorten the suspension and meet the self-evident need. I urge you to include this amount in DEQ's budget in HB 5018.

In 2019, as part of its strategy to reduce carbon emissions and improve air quality statewide, the Oregon legislature passed [Senate Bill 1044](#) that established specific targets for electric vehicle adoption, specifically:

- 50,000 registered ZEVs on Oregon roads by 2020
- 250,000 registered ZEVs on Oregon roads by 2025
- At least 25 percent of registered vehicles and at least half of the new vehicles sold annually are ZEVs by 2030
- At least 90 percent of new vehicles sold annually are ZEVs by 2035.

Unfortunately, the 2020 goal of 50,000 registered ZEVs was not achieved until [April of 2022](#), over a year behind schedule. The next target for 2025 is even more daunting.

The legislature established the Oregon Clean Vehicle Rebate Program in 2018 in order to spur the adoption of electric and other zero-carbon-emissions vehicles, funded with a small privilege tax on new vehicle purchases. The program was designed to spur consumers to adopt electric vehicles, and it worked with [\\$71 million in rebates provided to almost 25,000 applicants](#). But to meet the legislative goals established shortly thereafter, the funding source has proven insufficient, leading to the [announced program suspension](#) beginning May 1, 2023.

The industry analytics firm [J.D. Power](#) recently concluded that there is a strong correlation between state incentives and EV adoption, leading Oregon to have one of the strongest adoption rates in the nation. Since EVs have not yet reached cost parity with conventional vehicles, and federal tax credit limitations mean that many new EVs do not qualify for federal incentives, it is essential that Oregon continue to provide its rebates if the state is to meet its goals. Since [transportation is the largest source of greenhouse gas emissions](#) in Oregon, the rebates are thus essential to meeting the state's climate goals as well.

Please include in the DEQ budget a supplement of \$30 million for the Oregon Clean Vehicle Rebate Program so that Oregon can reach its clean vehicle and climate goals. Thank you for your consideration.

Sincerely,

