

A-Engrossed House Bill 3597

Ordered by the House April 15
Including House Amendments dated April 15

Sponsored by Representative ANDERSEN

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. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: This Act makes changes to ZEV rebate programs. (Flesch Readability Score: 82.3).

[Digest: This Act requires the DEQ to study and make a report on electric vehicles. (Flesch Readability Score: 65.7).]

[Requires the Department of Environmental Quality to study electric vehicles. Directs the department to submit findings to the interim committees of the Legislative Assembly related to the environment not later than September 15, 2026.]

[Sunsets on January 2, 2027.]

Authorizes the Department of Environmental Quality to reduce the amount of rebates available under zero-emission vehicle rebate programs, subject to certain conditions. Expands eligibility for the charge ahead rebate. Requires the department to allocate additional moneys from the Zero-Emission Incentive Fund to education and outreach each biennium, unless the balance of the fund is below a certain threshold.

Declares an emergency, effective on passage.

A BILL FOR AN ACT

Relating to electric vehicles; creating new provisions; amending ORS 468.444, 468.446 and 468.449; and declaring an emergency.

Whereas it is the opinion of the Legislative Assembly that, during calendar year 2026, a charge ahead rebate of \$3,000 for the purchase or lease of a new light-duty zero-emission vehicle or plug-in hybrid electric vehicle and a charge ahead rebate of \$1,000 for the purchase or lease of a used light-duty zero-emission vehicle or plug-in hybrid electric vehicle would facilitate an equitable transition to the use of light-duty zero-emission vehicles or plug-in hybrid electric vehicles in this state; now, therefore,

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

SECTION 1. ORS 468.444 is amended to read:

468.444. (1) The Department of Environmental Quality shall establish a program for providing rebates to persons that purchase or lease qualifying vehicles for use in this state. The Director of the Department of Environmental Quality may hire or contract with a third-party organization to implement and serve as the administrator of the program required by this section.

(2) The department may:

(a) Specify design features for the program; and

(b) Establish procedures to:

(A) Prioritize available moneys for specific qualifying vehicles; and

(B) Limit the number of rebates available for each type of qualifying vehicle.

(3) The purchaser or lessee of a qualifying vehicle may apply for a rebate for a portion of the

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.

purchase price or may choose to assign the rebate to a vehicle dealer or lessor.

(4) Rebates under the program shall be made from moneys credited to or deposited in the Zero-Emission Incentive Fund established under ORS 468.449. A rebate may not be made until there are sufficient moneys available in the fund to make the rebate.

(5) The department shall prescribe the rebate application procedure for purchasers and lessees. All rebate applications must include a declaration under penalty of perjury in the form required by ORCP 1 E.

(6)(a) Rebates for qualifying vehicles shall be set annually by the department as follows:

[(a)] (A) For light-duty zero-emission vehicles and plug-in hybrid electric vehicles with an electrochemical energy storage capacity of 10 kilowatt hours or more, up to \$2,500 *[but no less than \$1,500]*.

[(b)] (B) For light-duty zero-emission vehicles or plug-in hybrid electric vehicles with an electrochemical energy storage capacity of less than 10 kilowatt hours, up to \$1,500 *[but no less than \$750]*.

[(c)] (C) For neighborhood electric vehicles, up to \$750 *[but not less than \$375]*.

[(d)] (D) For zero-emission motorcycles, up to \$750 *[but not less than \$375]*.

(b) The department may reduce the amount of any rebate listed in this subsection, including to \$0, if the department determines that, based on the demand for rebates and the moneys available to provide rebates under the programs established under this section and ORS 468.446, reducing the rebate will facilitate an equitable transition to the use of qualifying vehicles in this state.

(c) The department shall, for each calendar quarter, estimate the number of rebates available for each rebate described in paragraph (a)(A) to (a)(D) of this subsection and make the estimate publicly available.

(7) To be eligible for a rebate, a person requesting a rebate under the program shall:

(a) Purchase or lease a qualifying vehicle. A lease must have a minimum term of 24 months.

(b) Provide proof of an intent to use the qualifying vehicle primarily on the public highways of this state, which may be satisfied by providing proof of registration of the qualifying vehicle in Oregon.

(c) Submit an application for a rebate to the administrator of the program within six months after the date of purchase of the qualifying vehicle or six months after the date the lease of the qualifying vehicle begins.

(d) Retain registration of the qualifying vehicle for a minimum of 24 consecutive months after the date of purchase or the date the lease begins.

(8) A rebate recipient may not make or allow any modifications to the qualifying vehicle's emissions control systems, hardware, software calibrations or hybrid system.

(9)(a) If a rebate recipient sells the qualifying vehicle or terminates the qualifying vehicle lease before the end of 24 months, the rebate recipient shall:

(A) Notify the administrator of the program of the sale or termination; and

(B) Reimburse the administrator for the rebate in a prorated amount based on the number of months that the rebate recipient owned or leased the qualifying vehicle.

(b) The administrator may waive the reimbursement requirement under paragraph (a) of this subsection if the administrator determines that a waiver is appropriate given unforeseeable or unavoidable circumstances that gave rise to a need for the rebate recipient to sell the qualifying vehicle or terminate the qualifying vehicle lease before the end of 24 months.

(10) Rebate recipients may be requested to participate in ongoing research efforts.

(11) The administrator of the program shall work to ensure timely payment of rebates with a goal of paying rebates within 60 days after receiving an application for a rebate.

(12) A vehicle dealer may advertise the program on the premises owned or operated by the vehicle dealer. If no moneys are available from the program or the program otherwise changes, a vehicle dealer who advertises the program may not be held liable for advertising false or misleading information.

(13) The Environmental Quality Commission may adopt any rules necessary to carry out the provisions of this section.

SECTION 2. ORS 468.446, as amended by section 9, chapter 82, Oregon Laws 2024, is amended to read:

468.446. (1) As used in this section:

(a) “Charge ahead rebate” means a rebate for the purchase or lease of a new or used light-duty zero-emission vehicle or plug-in hybrid electric vehicle issued through the Charge Ahead Oregon Program established under this section.

(b) “Low-income service provider” means an organization that provides health, dental, social, financial, energy conservation or other assistive services to low or moderate income individuals or low or moderate income households, as further defined by the Environmental Quality Commission by rule.

(c) “**Nonprofit organization**” means an organization, or a group of organizations, described in section 501(c)(3) of the Internal Revenue Code that is exempt from income tax under section 501(a) of the Internal Revenue Code and that the Secretary of State has issued a certificate of existence or a certificate of authorization under ORS 65.027.

(d) “**Qualifying entity**” means:

(A) A low-income service provider;

(B) A nonprofit organization;

(C) A local government, as defined in ORS 174.116; or

(D) A veteran-owned business, as defined in ORS 200.005.

~~[(c)]~~ (e) “Qualifying household” means a household with income that does not exceed 400 percent of federal poverty guidelines.

(2) The Department of Environmental Quality shall establish a Charge Ahead Oregon Program for providing charge ahead rebates to qualifying households and ~~[low-income service providers]~~ **qualifying entities**. The Director of the Department of Environmental Quality may hire or contract with a third-party organization to implement and serve as the administrator of the program required by this section.

(3) The department may:

(a) Specify design features for the program; and

(b) Establish procedures to:

(A) Prioritize available moneys to specific income levels or geographic areas; and

(B) Limit the number of charge ahead rebates available.

(4) An eligible purchaser or lessee of a new or used light-duty zero-emission vehicle or plug-in hybrid electric vehicle may apply for a charge ahead rebate for a portion of the purchase price or may choose to assign the charge ahead rebate to a vehicle dealer or lessor.

(5) Rebates under the Charge Ahead Oregon Program shall be made from moneys credited to or deposited in the Zero-Emission Incentive Fund established under ORS 468.449 or the Charge

Ahead Zero-Emission Incentive Fund established under section 13, chapter 82, Oregon Laws 2024. A rebate may not be made unless there are sufficient moneys available to make the rebate.

(6) The department shall prescribe the rebate application procedure for eligible purchasers and lessees. All rebate applications must include a declaration under penalty of perjury in the form required by ORCP 1 E.

(7)(a) Charge ahead rebates shall be:

[(a)] (A) Up to \$7,500 for the purchase or lease of a new light-duty zero-emission vehicle or plug-in hybrid electric vehicle, but not less than \$2,500; or

[(b)] (B) Up to \$5,000 for the purchase or lease of a used light-duty zero-emission vehicle or plug-in hybrid electric vehicle, but not less than [\$2,500] **\$1,000**.

(b) The department shall set rebates listed in this subsection at an amount that the department determines will facilitate an equitable transition to the use of light-duty zero-emission vehicles or plug-in hybrid electric vehicles in this state.

(c) The department shall, for each calendar quarter, estimate the number of rebates available for each rebate described in paragraph (a)(A) and (a)(B) of this subsection and make the estimate publicly available.

(8) To be eligible for a charge ahead rebate, a person requesting a rebate under the program must:

(a) Be a member of a qualifying household or be a [*low-income service provider*] **qualifying entity**.

(b) Purchase or lease a new or used light-duty zero-emission vehicle or plug-in hybrid electric vehicle. A lease must have a minimum term of 24 months.

(c) Provide proof of an intent to use the light-duty zero-emission vehicle or plug-in hybrid electric vehicle primarily on the public highways of this state, which may be satisfied by providing proof of registration of the vehicle in Oregon.

(d) Submit an application for a charge ahead rebate to the administrator of the program within six months of the date of purchase or six months from the date the lease begins.

(e) Retain registration of the light-duty zero-emission vehicle for a minimum of 24 consecutive months following the date of purchase or following the date the lease begins.

(9) A person that receives a charge ahead rebate may not make or allow any modifications to the vehicle's emissions control systems, hardware, software calibrations or hybrid system.

(10)(a) If a charge ahead rebate recipient sells the vehicle or terminates the vehicle lease before the end of 24 months, the charge ahead rebate recipient shall:

(A) Notify the administrator of the program of the sale or termination; and

(B) Reimburse the administrator for the rebate in a prorated amount based on the number of months that the rebate recipient owned or leased the qualifying vehicle.

(b) The administrator may waive the reimbursement requirement under paragraph (a) of this subsection if the administrator determines that a waiver is appropriate given unforeseeable or unavoidable circumstances that gave rise to a need for the rebate recipient to sell the qualifying vehicle or terminate the qualifying vehicle lease before the end of 24 months.

(11) Charge ahead rebate recipients may be requested to participate in ongoing research efforts.

(12) The administrator of the program shall work to ensure timely payment of charge ahead rebates with a goal of paying rebates within 60 days of receiving an application for a charge ahead rebate.

(13) In establishing the Charge Ahead Oregon Program, the department shall provide opportu-

1 nities for public comment by qualifying households[, *low-income service providers and other*
 2 *community-based organizations*] **and qualifying entities** that are located in areas of this state that
 3 have elevated concentrations of air contaminants attributable to motor vehicle emissions, relative
 4 to other areas of the state. The department shall use the comments received pursuant to this sub-
 5 section to inform, evaluate and strengthen the design of the program in order to increase the usage
 6 of light-duty zero-emission vehicles and plug-in hybrid electric vehicles.

7 (14) The administrator of the program shall, throughout the course of implementing the program,
 8 conduct community outreach to qualifying households[, *low-income service providers and other*
 9 *community-based organizations*] **qualifying entities** that are located in areas of this state that have
 10 elevated concentrations of air contaminants attributable to motor vehicle emissions, relative to
 11 other areas of the state, in order to:

12 (a) Solicit feedback on program implementation; and

13 (b) Take steps to ensure that the program is promoted effectively.

14 (15) A vehicle dealer may advertise the Charge Ahead Oregon Program on the premises owned
 15 or operated by the vehicle dealer. If no moneys are available from the program or the program
 16 otherwise changes, a vehicle dealer who advertises the program may not be held liable for adver-
 17 tising false or misleading information.

18 (16) A charge ahead rebate may not be combined with a rebate described in ORS 468.444.

19 (17) **A qualifying entity is not eligible to receive more than 10 charge ahead rebates in a**
 20 **calendar year.**

21 [(17)] (18) An organization that the department has hired or contracted with to implement and
 22 serve as the administrator of the program may offer expanded financing mechanisms for program
 23 participants, including, but not limited to, a loan or loan-loss reserve credit enhancement program
 24 to increase consumer access to new or used light-duty zero-emission vehicles and plug-in hybrid
 25 electric vehicles.

26 [(18)] (19) The Environmental Quality Commission may adopt any rules necessary to carry out
 27 the provisions of this section.

28 **SECTION 3.** ORS 468.449, as amended by section 11, chapter 82, Oregon Laws 2024, is amended
 29 to read:

30 468.449. (1) The Zero-Emission Incentive Fund is established in the State Treasury, separate and
 31 distinct from the General Fund. Interest earned by the Zero-Emission Incentive Fund shall be cred-
 32 ited to the fund.

33 (2) Moneys in the Zero-Emission Incentive Fund shall consist of:

34 (a) Amounts donated to the fund;

35 (b) Amounts transferred to the fund by the Department of Revenue under ORS 320.435;

36 (c) Amounts appropriated or otherwise transferred to the fund by the Legislative Assembly;

37 (d) Other amounts deposited in the fund from any public or private source; and

38 (e) Interest earned by the fund.

39 (3) The Department of Environmental Quality shall encourage gifts, grants, donations or other
 40 contributions to the fund.

41 (4) Moneys in the fund are continuously appropriated to the department to be used to carry out
 42 the provisions of ORS 468.442 to 468.449.

43 (5)(a) No more than 10 percent of the moneys deposited in the fund per biennium may be ex-
 44 pended to pay administrative expenses incurred in the administration of ORS 468.442 to 468.449 by:

45 (A) The department; and

(B) Any third-party organization that the department hires or contracts with under ORS 468.444 and 468.446.

(b) As used in this subsection, “administrative expenses” does not include expenses incurred by the department or third-party organizations in:

(A) Conducting community outreach under ORS 468.446 (14); or

(B) Otherwise engaging in efforts to promote transportation electrification through participation in the programs established under ORS 468.444 and 468.446.

(6)(a) The Environmental Quality Commission may adopt by rule provisions for the allocation of moneys deposited in the fund between the programs established under ORS 468.444 and 468.446.

(b) Rules adopted under this subsection must require that at least 20 percent of the moneys deposited in the fund per biennium are allocated to fund the provision of rebates through the Charge Ahead Oregon Program established under ORS 468.446.

(c) The amount required to be allocated under paragraph (b) of this subsection in any biennium shall be reduced, but not below zero, by the amount deposited from any other source in the Charge Ahead Zero-Emission Incentive Fund established under section 13, chapter 82, Oregon Laws 2024.

(7) In addition to the allocation of moneys under subsection (6) of this section, the commission shall allocate at least \$500,000 each biennium to be expended by the department on outreach and education about the rebates available under the programs established under ORS 468.444 and 468.446. The department shall suspend education and outreach activities under this subsection during any period when the balance of the Zero-Emission Incentive Fund is less than \$1 million. The department may use the amount saved from suspending outreach and education activities to provide rebates under the programs established under ORS 468.444 or 468.446.

SECTION 4. Notwithstanding the amendments to ORS 468.446 by section 2 of this 2025 Act, a qualifying entity, as defined in ORS 468.446, other than a low-income service provider, as defined in ORS 468.446, is not eligible to receive a charge ahead rebate before January 1, 2026.

SECTION 5. (1) The amendments to ORS 468.449 by section 3 of this 2025 Act become operative on January 1, 2026.

(2) The Department of Environmental Quality and the Environmental Quality Commission may take any action before the operative date specified in subsection (1) of this section that is necessary to enable the department or the commission to exercise, on and after the operative date specified in subsection (1) of this section, all of the duties, functions and powers conferred on the department and the commission by the amendments to ORS 468.449 by section 3 of this 2025 Act.

SECTION 6. This 2025 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect on its passage.