# **Draft Rules – With Edits Incorporated**

#### **DEPARTMENT OF ENVIRONMENTAL QUALITY**

#### **Division 270**

#### ZERO-EMISSION AND ELECTRIC VEHICLE REBATES

## 340-270-0010

#### Overview

- (1) Purpose. The purpose of this division is to establish a rebate program and eligibility requirements for the purchase or lease of new or used zero-emission vehicles in Oregon.
- (2) Background. The 2017 Oregon Legislature adopted House Bill 2017 that authorizes DEQ to establish a rebate program for zero-emission vehicles. The 2018 Oregon Legislature adopted House Bill 4059, which clarified and removed existing requirements. The 2019 Oregon Legislature adopted House Bill 2592, which clarified and removed existing requirements. OAR division 270 of chapter 340 implements those laws.
- (3) Administration. DEQ administers this division in all areas in the state of Oregon, including the areas of the state subject to the jurisdiction of the Lane County Regional Air Protection Agency.

Statutory/Other Authority: ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0020

#### **Effective Dates**

- (1) The rebates for eligible new light-duty zero-emission vehicles and eligible plug-in hybrid electric vehicles took effect on January 1, 2018.
- (2) The rebates for the Charge Ahead Program took effect on January 1, 2018 for light duty zero emission vehicles. The rebates for the Charge Ahead Program take effect on September 29, 2019 for plug-in hybrid electric vehicles.
- (3) The rebates for eligible neighborhood electric vehicles and eligible zero-emission motorcycles took effect on January 1, 2019.

- (4) The rules in this division expire on January 2, 2024.
- (5) The effective dates of the program are contingent on appropriate funding.

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

## 340-270-0030

#### **Definitions and Abbreviations**

- (1) "Area median income" means the median income for the metropolitan statistical area in which a household is located or, if the household is not located within a metropolitan statistical area, for the metropolitan statistical area in closest proximity to the location of the household, as determined by the Housing and Community Services Department, adjusted for household size.
- (2) "Charge Ahead rebate" means a rebate for the purchase of a new or used light-duty zeroemission vehicle with an electrochemical storage capacity or a plug-in hybrid electric vehicle issued through the Charge Ahead Program.
- (3) "DEQ" is the Oregon Department of Environmental Quality or a contractor selected by DEQ.
- (4) "Eligible vehicle" means a motor vehicle that:
- (a) Qualifies as a:
- (A) Light-duty zero-emission vehicle with an electrochemical energy storage capacity;
- (B) Plug-in hybrid electric vehicle;
- (C) Neighborhood electric vehicle; or
- (D) Zero-emission motorcycle;
- (b) Is new, or has been previously used only as a dealership floor model or test-drive vehicle;
- (c) Has not previously been registered in Oregon;
- (d) Is constructed entirely from new parts that have never been the subject of a retail sale;
- (e) Has a base manufacturer's suggested retail price of less than \$50,000;

- (f) Is covered by a manufacturer's express warranty on the vehicle drive train, including the applicable energy storage system or battery pack, for at least 24 months from the purchase or lease date; and
- (g) Is certified by the manufacturer to comply with all applicable federal safety standards issued by the National Highway Traffic Safety Administration for new motor vehicles and new motor vehicle equipment.
- (5) "Household" means all individuals who reside in the place of residence, including all family members and roommates who are not related and not part of a separate lease agreement.
- (6) "Lease date" means the day that the lease agreement is signed.
- (7) "Light-duty zero-emission vehicle" means a motor vehicle that:
- (a) Has a gross vehicle weight rating of 8,500 pounds or less;
- (b) Is capable of travelling at a speed of 55 miles per hour or more;
- (c) Has at least three wheels; and
- (d) Is powered:
- (A) Primarily by an electric battery and may or may not use a flywheel energy storage device or a capacitor that also stores energy to assist in vehicle operation;
- (B) By polymer electrolyte membrane fuel cells or proton exchange membrane fuel cells that use hydrogen fuel and oxygen from the air to produce electricity; or
- (C) Primarily by a zero-emission energy storage device that provides enough power for the vehicle to travel 75 miles or more using only electricity and may or may not use a backup alternative power unit that does not operate until the energy storage device is fully depleted.
- (8) "Low income household" means a household with income less than or equal to 80 percent of the area median income.
- (9) "Moderate income household" means a household with income less than or equal to 120 percent and greater than 80 percent of the area median income.
- (10) "Motor vehicle" has the meaning given that term in ORS 801.360.
- (11) "Neighborhood electric vehicle" means a motor vehicle that:
- (a) Is powered using an electric battery;

- (b) Has a gross vehicle weight not exceeding 3,000 pounds;
- (c) Is capable of traveling at a speed of up to 25 mph; and
- (d) Has at least four wheels.
- (e) DEQ will require certification to zero-emission standards in California Code of Regulations Title 13, section 1962.2 to show a vehicle meets these specifications.
- (12) "Person" means a person as defined in ORS 174.100 or a public body as defined in ORS 174.109.
- (13) "Plug-in hybrid electric vehicle" means a motor vehicle that:
- (a) Has zero evaporative emissions from its fuel system when operating as an electric vehicle;
- (b) Has an onboard electrical energy storage device with useful capacity of 10 or more miles of urban dynamometer driving schedule range, as described by the United States Environmental Protection Agency in 40 CFR 600.116-12, on electricity alone;
- (c) Is equipped with an onboard charger;
- (d) Is rechargeable from an external connection to an off-board electrical source;
- (e) Meets the super ultra-low emission vehicle standards for exhaust emissions, as certified to standards in California Code of Regulations, Title 13, section 1961(a)(4) (2003);
- (f) Has a warranty of at least 15 years and 150,000 miles on emission control components;
- (g) Is capable of travelling at a speed of 55 miles per hour or more;
- (h) Has an on-board internal combustion engine; and
- (i) Has at least three wheels.
- (14) "Purchase date" means the day that the purchase and sales agreement is signed.
- (15) "Used electric vehicle" means a light-duty zero-emission or plug-in hybrid electric vehicle that:
- (a) Would have been eligible for the standard rebate at the time of its original sale or lease had the rebate program in OAR 340-270-0010 to -0500 existed or;
- (b) Is a direct model predecessor of an eligible vehicle as defined in OAR 340-270-0030(4)(a)(A).

- (16) "Vehicle dealer" means:
- (a) A person engaged in business in this state that has been issued a vehicle dealer certificate under ORS 822.020; or
- (b) A person engaged in business in another state that would be subject to ORS 822.005 if the person engaged in business in this state.
- (c) It does not include a person who:
- (A) Conducts an event that lasts less than 7 consecutive days, for which the public is charged admission and at which otherwise eligible vehicles are sold at auction; or
- (B) Sells an otherwise eligible vehicle at auction at an event as described in (A).
- (17) "Zero-emission motorcycle" means a motor vehicle that:
- (a) Has zero evaporative emissions from its fuel system;
- (b) Is capable of attaining a speed of 55 miles per hour or more;
- (c) Is designed to travel on two wheels; and
- (d) Is powered by electricity.
- (e) DEQ will require documentation of the following as proof that a motorcycle meets these specifications:
- (A) Successful completion of the most current California Zero-Emission Motorcycle Evaluation Procedure, as defined in California's Implementation Manual for the Clean Vehicle Rebate Project; and
- (B) Issuance of a "pass" determination and verification that the vehicle meets the specified range and acceleration requirements by the California Air Resources Board.
- (18) "Zero-emission vehicle" means a motor vehicle that that is certified to zero-emission standards in California Code of Regulations, Title 13, section 1962.2.

[NOTE: View a PDF of California Implementation Manual by clicking on "Tables" link below.]

[ED. NOTE: To view tables referenced in rule text, <u>click here to view rule.</u>]

**Statutory/Other Authority:** ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37 **Statutes/Other Implemented:** 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 6-2019, amend filed 01/28/2019, effective 01/28/2019

DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0100

# Vehicles Eligible for Zero-Emission Vehicle Standard Rebates

To qualify for a standard rebate, a motor vehicle must qualify as an eligible vehicle, as defined in OAR 340-270-0030(4), and must have a purchase or lease date on or after effective date of the program for the type of vehicle, as established in OAR 340-270-0020.

Statutory/Other Authority: ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0110

#### **Amount of Zero-Emission Vehicle Standard Rebates**

- (1) The amount of the rebate for eligible light-duty zero-emission vehicles and plug-in hybrid electric vehicles with electrochemical energy storage capacities of 10 kilowatt hours or more is \$2,500.
- (2) The amount of the rebate for eligible light-duty zero-emission vehicles and plug-in hybrid electric vehicles with electrochemical energy storage capacities of less than 10 kilowatt hours is \$1,500.
- (3) The amount of the rebate for eligible neighborhood electric vehicles is \$750.
- (4) The amount of the rebate for eligible zero-emission motorcycles is \$750.
- (5) DEQ will set the rebate amounts annually. In doing so, if DEQ determines that the rebate amounts should be adjusted, DEQ will engage in rulemaking to adjust the rebate amounts established herein.

Statutory/Other Authority: ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

## 340-270-0120

## **Requirements for Zero-Emission Vehicle Standard Rebates**

(1) A person may only apply for a rebate if the person:

- (a) Owns or leases a vehicle that meets the requirements established in OAR 340-270-0100;
- (b) If leasing a vehicle, has a minimum lease term of 24 months;
- (c) Intends to retain the registration of the eligible vehicle for a minimum of 24 consecutive months after the purchase or lease date; and
- (d) Is an Oregon resident.
- (2) To qualify for a rebate, an applicant must:
- (a) Apply using a form approved by DEQ;
- (b) Provide information and documentation sufficient to allow DEQ to verify that the applicant purchased or leased an eligible vehicle;
- (c) Purchase or lease an eligible vehicle from a vehicle dealer or an original equipment manufacturer, that does not have licensed franchised new automobile dealers in Oregon;
- (d) Provide proof of registration of the eligible vehicle in Oregon;
- (e) Submit an application within 6 months after the vehicle purchase or lease date, except that persons who purchased or leased an eligible vehicle between January 1, 2018 and August 2, 2018 may apply for the rebate if an application is submitted to DEQ by March 30, 2020. If DEQ has already received an application from the rebate applicant who purchased or leased an eligible vehicle between January 1, 2018 and August 2, 2018, and the applicant has been notified by DEQ of its receipt, the applicant does not need to reapply;
- (f) Provide any additional information and documentation requested by DEQ that is necessary to ascertain that the applicant qualifies for a rebate; and
- (g) Participate in ongoing research efforts and surveys regarding the program.
- (3) Recipients may assign the rebate to a vehicle dealer, or to an original equipment manufacturer, that does not have licensed franchised new automobile dealers in Oregon. The limit established in subsection (5) of this rule does not apply to vehicle dealers or automobile manufacturers who receive rebate assignments pursuant to this section.
- (4) Recipients may not make or allow any modifications to the vehicle's emission-control systems, hardware, or software calibrations, or the vehicle's hybrid system.
- (5) An organization that applies for a rebate, including businesses, non-profit organizations, and state and municipal governments, is limited to 10 rebates per entity per calendar year. Organizational applicants must be based in Oregon or have an Oregon-based affiliate at the time the eligible vehicle is purchased or leased.

(6) If the rebate recipient is an organization that applies for a rebate, it must submit annual usage data to DEQ for 2 years.

Statutory/Other Authority: ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0200

## **Application Review Process**

- (1) DEQ will process applications on a first-come, first-serve basis as received by DEQ; except in circumstances where a rebate recipient assigns a rebate to a vehicle dealer, or to an original equipment manufacturer, that does not have licensed franchised new automobile dealers in Oregon.
- (2) DEQ will reject all applications that do not meet the applicable requirements of OAR 340-270-0100, -0120, -0410, and -0430.
- (3) As provided in OAR 340-270-0120(2)(f), DEQ may require additional information or documentation to complete its review of an application. If DEQ does not receive the requested information and documentation within 14 days of its request, DEQ may reject the application.
- (4) DEQ will provide a written explanation for all rejected applications. If DEQ rejects an application, an applicant may appeal that rejection by:
- (a) Providing a written explanation of why the applicant believes that DEQ misapplied the statute or its rules or otherwise improperly rejected the applicant;
- (b) Submitting that written explanation by depositing the explanation in the mail, with proper postage, postmarked within 60 days of the date of DEQ's written rejection; and
- (c) Submitting the explanation to the Agency itself.
- (5) DEQ will respond to an appeal of a rejection in writing as soon as is practicable. DEQ's response to an appeal is an order in other than a contested case.

**Statutory/Other Authority:** ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 200-2018, temporary amend filed 12/04/2018, effective 12/04/2018 through 06/01/2019

DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0300

## **Vehicle Ownership Provision**

- (1) If a rebate recipient sells the eligible vehicle for which a rebate was received, or terminates the eligible vehicle's lease, before the end of 24 months after the purchase or lease date, the rebate recipient must notify DEQ and must reimburse DEQ in a prorated amount based on the number of months that the rebate recipient owned or leased the vehicle.
- (2) DEQ may waive the reimbursement requirement if DEQ determines a waiver is appropriate given unforeseeable or unavoidable circumstances that gave rise to a need for the rebate recipient to sell the vehicle or terminate the lease before the end of the 24-month period.
- (3) To request a waiver, a person must submit a written application for a waiver to DEQ of the termination of the lease or sale of the vehicle that includes an explanation of why the person believes the waiver is appropriate.
- (4) DEQ will consider the following factors in determining whether waiver appropriate;
- (a) the extent to which repayment would be harsh under the circumstances;
- (b) the extent to which the rebate recipient appears to be inappropriately taking advantage of the rebate program; or
- (c) any other factors that DEQ considers appropriate.
- (d) DEQ generally considers waiver appropriate in the following circumstances, unless the factors weigh strongly against a waiver under the individual facts and circumstances: military duty; death of the rebate recipient; and totaling of the eligible vehicle. This is a non-exclusive list.
- (5) DEQ will provide a written explanation for all rejected waiver applications. If DEQ rejects a waiver application, an applicant may appeal that rejection by:
- (a) Providing a written explanation of why the applicant believes that DEQ misapplied the statute or its rules or otherwise improperly rejected the applicant;
- (b) Submitting that written explanation by depositing the explanation in the mail, with proper postage, postmarked within 60 days of the date of DEQ's written rejection; and
- (c) Submitting the explanation to the Agency itself.
- (6) DEQ will respond to an appeal of a rejection in writing as soon as is practicable. DEQ's response to an appeal is an order in other than a contested case.

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0400

# **Charge Ahead Program**

- (1) OAR 340-270-0400 through -0430 establish the requirements for the Charge Ahead Program.
- (2) The Charge Ahead Program provides rebates for the purchase or lease of new or used vehicles that meet the requirements of OAR 340-270-0410 if the purchaser is from a low or moderate-income household during the year the vehicle was purchased or leased.

Statutory/Other Authority: ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0410

# **Vehicles Eligible for the Charge Ahead Program**

To qualify for a Charge Ahead rebate, a motor vehicle must be either a new or used light-duty zero-emission vehicle with an electrochemical storage capacity and have a purchase or lease date on or after January 1, 2018 or a new or used plug-in hybrid electric vehicle and have a purchase or lease date on or after September 29, 2019.

Statutory/Other Authority: ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

## 340-270-0420

## **Amount of Charge Ahead Program Rebate**

- (1) The amount of the Charge Ahead rebate is \$2,500.
- (2) A Charge Ahead rebate may be combined with a standard rebate under OAR 340-270-0110 if the applicant meets the requirements in OAR 340-270-0100.
- (3) DEQ will set the rebate amounts annually. If DEQ determines that the rebate amounts should be adjusted, DEQ will engage in rulemaking to adjust the rebate amounts.

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0430

# **Requirements for Charge Ahead Program Rebates**

- (1) A person may only apply for a rebate if the person:
- (a) Owns or leases a vehicle that meets the requirements established in OAR 340-270-0410;
- (b) If leasing a vehicle, has a minimum lease term of 24 months;
- (c) Intends to retain the registration of the eligible vehicle for a minimum of 24 consecutive months after the purchase or lease date; and
- (d) Is an Oregon resident.
- (2) To qualify for a Charge Ahead rebate, an applicant must:
- (a) Apply using a form approved by DEQ;
- (b) Provide information and documentation sufficient to allow DEQ to verify that the applicant purchased or leased a vehicle that meets the requirements established in OAR 340-270-0410;
- (c) Provide sufficient information to allow DEQ to determine that the applicant is a member of a low or moderate-income household during the year the vehicle was purchased or leased. DEQ will rely on documentation of an applicant's income from the year the vehicle was purchased or leased or, if that information is unavailable or inadequate, from a previous year. DEQ will rely on the most recent area median income determinations of the Housing and Community Services Department available at the time of application.
- (d) Purchase or lease an eligible vehicle from a vehicle dealer or an original equipment manufacturer, that does not have licensed franchised new automobile dealers in Oregon;
- (e) Provide proof of registration of the vehicle that meets the requirements established in OAR 340-270-0410 in Oregon;
- (f) Submit an application within 6 months after the vehicle purchase or lease date, except that persons who purchased or leased a vehicle that meets the requirements established in OAR 340-270-0410 between January 1, 2018 and August 2, 2018 may apply for a rebate if an application is submitted to DEQ by March 30, 2020. If DEQ has already received an application from the person who purchased or leased a vehicle that meets the requirements

established in OAR 340-270-0410 between January 1, 2018 and August 2, 2018, and the applicant has been notified by DEQ of its receipt, the applicant does not need to reapply;

- (g) Provide any additional information and documentation requested by DEQ that is necessary to ascertain that the applicant qualifies for a rebate;
- (h) Provide information requested by DEQ that DEQ determines is necessary to ascertain that the person is not buying, selling, or leasing vehicles in a manner that circumvents the intent of the Charge Ahead Program, including an attestation that the person has not in the past owned or leased the vehicle for which a rebate is sought; and
- (i) Participate in ongoing research efforts and surveys regarding the program.
- (3) Recipients may assign the rebate to a vehicle dealer, or to an original equipment manufacturer that does not have licensed franchised new automobile dealers in Oregon. The limit established in subsection (5) of this rule does not apply to vehicle dealers or automobile manufacturers who receive rebate assignments pursuant to this section.
- (4) Recipients may not make or allow any modifications to the vehicle's emission-control systems, hardware, or software calibrations, or the vehicle's hybrid system.
- (5) The application review process established by OAR 230-270-0200 will apply to applications for Charge Ahead rebates.
- (6) The vehicle ownership requirements established by OAR 230-270-0300 will apply to Charge Ahead Rebates.
- (7) DEQ will conduct community outreach to low income households, moderate-income households and community-based organizations, in order to:
- (a) Solicit feedback on program implementation; and
- (b) Take steps to ensure the program is promoted effectively.

Statutory/Other Authority: ORS 468.020, 2017 Or. Law Ch. 750 Sec. 148-157, House Bill

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018

#### 340-270-0500

## **Allocation of Rebate Funding**

DEQ will allocate at least 10 percent of available moneys deposited per biennium into the Zero-Emission Incentive Fund for rebates under the Charge Ahead Program.

4059 (2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

Statutes/Other Implemented: 2017 Or. Law Ch. 750 Sec. 148-157, House Bill 4059

(2018), Sec. 18-21, and House Bill 2592 (2019), Sec. 35-37

**History:** DEQ 186-2018, adopt filed 05/14/2018, effective 05/14/2018