



State of Oregon Department of Environmental Quality

Draft Fiscal Impact Statement

Clean Vehicle Rebate Program 2020

Introduction

DEQ invites public input on proposed permanent rule amendments to chapter 340 of the Oregon Administrative Rules.

Statement of fiscal and economic impact

Fiscal and Economic Impact

The Department of Environmental Quality (DEQ) is proposing that the Environmental Quality Commission (EQC) adopt revisions to the Oregon Clean Vehicle Rebate Program under Division 270 of Chapter 340 of the Oregon Administrative Rules (OAR). In May 2018, the EQC adopted rules to implement the Oregon Clean Vehicle Rebate Program in Oregon. The program contains two elements. One element provides rebates for the purchase or lease of eligible new zero-emission vehicles (referred to as standard rebates) if all program requirements are met. The second element, called (referred to as the Charge Ahead rebate) provides rebates for the purchase or lease of qualifying new or used zero-emission vehicles if the purchaser or lessee is from a low or moderate-income household and meets all program requirements.

The proposed rules would revise the Oregon Clean Vehicle Rebate Program to incorporate 2019 Legislative changes affecting the program and to make other necessary adjustments to clarify program requirements. These proposed rule changes include:

- Making plug-in hybrid electric vehicles eligible for rebates under the Charge Ahead program;
- Allowing people who purchased vehicles between Jan. 1, 2018 and Aug. 2, 2018 to have an additional six month window to apply for the rebate;
- Prorating the payback amount if a rebate recipient sells or terminates the lease of the electric vehicle before the end of 24 months;
- Creating a provision that allows for waiver of the payback amount if the rebate recipient sells or terminates the lease of the electric vehicle before the end of 24 months;
- Clarifying how rebate applications will be processed;
- Clarifying that the provisions related to vehicle ownership apply to the Charge Ahead Program;

- Clarifying the definition that DEQ will use to determine what constitutes a household; and
- Making other minor adjustments to ensure the program continues to operate smoothly.

DEQ anticipates that the proposed rules will have positive fiscal impacts on affected parties. DEQ has also identified potential negative fiscal impacts.

Statement of Cost of Compliance

State agencies

DEQ does not expect the proposed rule changes to have a significant fiscal impact on state agencies. The changes are not expected to significantly affect DEQ implementation of the Oregon Clean Vehicle Rebate Program. State agencies may be affected to the same extent as the public if state agencies are involved in purchasing or leasing of automobiles.

Local governments

DEQ does not expect the proposed rule changes to have a significant fiscal impact on local governments. Local governments may be affected to the same extent as the public if local governments are involved in purchasing or leasing of automobiles.

Public

The public would not incur any mandatory compliance costs as a result of the proposed rule changes because the proposed rules do not impose any requirements on parties who do not wish to participate in the program.

The rule changes are expected to have a positive fiscal impact on the public.

Generally, the requirements allowing prorated paybacks and payback waivers are anticipated to make members of the public more willing to purchase or lease vehicles that are eligible for a rebate, because the program creates less of a financial burden if unanticipated events result in early termination of ownership or lease. Further, the rule changes that clarify program requirements are expected to increase program participation by making it easier for members of the public to participate. Increased participation can result in more rebates being issued resulting in a positive fiscal impact to the public.

Allowing Charge Ahead rebates for eligible plug-in hybrid vehicles may have a positive fiscal impact on consumers choosing to participate in the Oregon Clean Vehicle Rebate Program. Inclusion of plug-in hybrid vehicles would increase the range of choices for low and moderate income households who wish to apply for a rebate. Specifically, under the proposed changes, Charge Ahead program applicants are eligible to obtain a \$2,500 rebate for the purchase or lease of a new or used plug-in hybrid vehicle. This is anticipated to have a positive fiscal impact to the public.

The proposed rule would provide additional beneficial impacts to members of the public who may have purchased or leased an electric vehicle between Jan. 1, 2018 and Aug. 2, 2018, but failed to submit an application to DEQ within the six month deadline. Under the proposed rule changes, these applicants are eligible to submit an application to receive a rebate between \$1,500 and \$2,500.

Lastly, the proposed rule changes also provide beneficial impacts to rebate recipients who sell their vehicles or terminate their leases prior to 24 months after obtaining a vehicle. These rebate recipients would only have to repay a prorated amount as opposed to the full payback amount and, in some instances, may not need to return the funds at all if the recipient qualifies for a waiver.

The proposed rule changes are not expected to have a negative fiscal impact on the public. However, if rebate applications increased such that DEQ did not have enough funding to fund all eligible applications, there could be a negative fiscal impact on members of the public who were eligible for a rebate but did not receive a rebate as a result of funding limitations. The clarification defining household size could have a negative fiscal impact on members of the public who do not qualify for Charge Ahead rebates under the clarified definition, but who might have qualified before these changes were adopted.

Large businesses - businesses with more than 50 employees

There are no businesses or industries subject to the proposed rules because the rules do not impose any requirements on parties who do not wish to participate in the program. Businesses or industries that are likely to be impacted by the proposed rules are those that manufacture or sell automobiles.

Large businesses would not incur any mandatory compliance costs as a result of the proposed rules because the proposed rules do not impose any requirements on parties who do not wish to participate in the program. There are no projected reporting, recordkeeping, or other administrative activities required for compliance. There are no anticipated equipment, supplies, labor, or increased administration required for compliance with the proposed rule.

Large business automobile manufacturers and car dealerships, such as those that manufacture or sell plug-in hybrid electric vehicles eligible for Charge Ahead rebates or other vehicles eligible for a rebate, could be affected by increased sales or leases, which could result in a positive fiscal impact. Large business automobile manufacturers and car dealerships that manufacture or sell cars other than plug-in hybrid electric vehicles or other vehicles eligible for a rebate could be affected by decreased sales or leases of non-rebated cars, if buyers or lessees opted to purchase rebate-eligible vehicles as a result of the added financial incentive provided by rebates. This could result in a negative fiscal impact for these manufacturers and dealerships.

Small businesses – businesses with 50 or fewer employees

There are no businesses or industries subject to the proposed rules because the rules do not impose any requirements on parties who do not wish to participate in the program.

Businesses or industries that are likely to be impacted by the proposed rules are those that manufacture or sell automobiles. DEQ identified up to 253 small businesses potentially affected by this rule. This includes 245 automobile dealers (both new and used).

Small businesses would not incur any mandatory compliance costs as a result of the proposed rules because the proposed rules do not impose any requirements on parties who do not wish to participate in the program. There are no projected reporting, recordkeeping, or other administrative activities required for compliance. There are no anticipated equipment, supplies, labor, or increased administration required for compliance with the proposed rules.

Overall, DEQ anticipates that affected small businesses would benefit from the proposed rules. The proposed rule would expand incentives for the sale or lease of plug-in hybrid electric vehicles to Charge Ahead rebate applicants and adopt other changes that clarify program requirements and allow a prorated repayment or repayment waiver. There could be a positive fiscal impact on small businesses manufacturing, selling, or leasing plug-in hybrid electric vehicles or other vehicles eligible for a rebate, as a larger pool of applicants could utilize this incentive and increase sales or leases in Oregon. There could be a negative fiscal impact on small businesses manufacturing, selling, or leasing cars other than plug-in hybrid electric vehicles or other vehicles eligible for a rebate, as a result of customers choosing to purchase rebate-eligible vehicles.

a. Estimated number of small businesses and types of businesses and industries with small businesses subject to proposed rule.

DEQ originally identified up to 245 small business automobile dealers (that sell both new and used vehicles) that could participate in the Oregon Clean Vehicle Rebate Program. Any of the small business automobile dealers could potentially participate in assignment of rebates for plug-in hybrid electric vehicles for Charge Ahead applicants.

b. Projected reporting, recordkeeping and other administrative activities, including costs of professional services, required for small businesses to comply with the proposed rules.

No additional activities are required to comply with the proposed rules.

c. Projected equipment, supplies, labor and increased administration required for small businesses to comply with the proposed rules.

No additional activities are required to comply with the proposed rules.

d. Describe how DEQ involved small businesses in developing this proposed rule.

DEQ included small business representatives on the Electric Vehicle Rebate Rule Advisory Committee that advised DEQ on the cost of compliance for small businesses. DEQ also provided rulemaking notice through the Oregon Auto Dealers Association and the Oregon

Independent Auto Dealers Association. These associations include small businesses as part of their membership.

Documents relied on for fiscal and economic impact

Document title	Document location
Oregon Department of Employment 2015 data	Employment Department 875 Union Street NE Salem OR 97311

Advisory committee fiscal review

DEQ appointed an advisory committee.

As ORS 183.33 requires, DEQ will ask for the committee's recommendations on:

- Whether the proposed rules would have a fiscal impact,
- The extent of the impact, and
- Whether the proposed rules would have a significant adverse impact on small businesses; if so, then how DEQ can comply with ORS 183.540 reduce that impact.

The committee will review the draft fiscal and economic impact statement and the recommendations will be documented in the Sept. 10, 2019 advisory committee meeting summary.

Housing cost

As ORS 183.534 requires, DEQ evaluated whether the proposed rules would have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200-square-foot detached, single-family dwelling on that parcel. DEQ determined the proposed rules would have no effect on the development costs because it only affects purchasers of electric vehicles.