



State of Oregon Department of Environmental Quality  
Agenda Item B:

# Electric Vehicle Rebate Program Design – Key Elements

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## Introduction

The Electric Vehicle Rebate rulemaking implements House Bill 2017 (2017), which directs DEQ to develop an electric vehicle rebate program. The Electric Vehicle Rebate program is designed to incentivize car owners into purchasing certain types of electric vehicles, thus encouraging a higher adoption of zero emission vehicles.

The program contains two rebate elements – one component provides rebates towards the purchase or lease of a new electric vehicle (referred to as standard rebates). The other component, called Charge Ahead, provides rebates towards the purchase or lease of a new or used electric vehicle if the purchaser is from a low or moderate household, resides in an area of the state with poor air quality from transportation emissions, and scraps an internal combustion engine car at least 20 years old.

DEQ is convening an advisory committee as part of the rulemaking process to obtain input on the different design elements that could be incorporated in the rebate program. After receiving input from the Advisory Committee, DEQ will draft proposed rules. All interested parties will have a chance to comment on the proposed rules during the public notice period in 2018.

## Background/Purpose

This discussion paper addresses the key elements of what a successful rebate program (both standard rebates and Charge Ahead rebates) in Oregon could include. Some of the questions DEQ wants the Advisory Committee to consider are:

- When should electric vehicle purchases be eligible for the rebate?
- What rebate amount is appropriate?

## Considerations for electric vehicle purchase eligibility

To help inform the development of Oregon's program, DEQ has evaluated electric vehicle rebate programs in New York, California, and Massachusetts. Summarized below is preliminary information DEQ has gathered from discussions with other states who are implementing electric vehicle rebate programs. DEQ is seeking additional discussion and input from the Advisory Committee on these issues.

- States DEQ evaluated cautioned that offering rebates prior to when rebate money is available to distribute potentially robs funding for rebates of future purchases. DEQ has heard consistently from states implementing programs that establishing a cushion up-front is advisable to avoid a

stop-start cadence for the program. Offering rebates before funding is available establishes a debt before the program is operational. The following key dates are relevant to the program:

- January 1, 2018: This is the date when the “privilege tax” begins. This new tax is established in HB 2017 to fund the EV rebate program
- Mid 2018: This is the earliest anticipated date DEQ’s account to fund the rebates could begin receiving money from the Department of Revenue.

Additionally, a recent filing in the Oregon Supreme Court has challenged the constitutionality of the privilege tax, which is a new tax established in House Bill 2017 to fund the EV rebate program. Until the challenge is resolved, funding for the EV rebate will be frozen. This could further delay distribution of funds, creating a longer backlog of when people would be able to receive their rebate.

- In conversations with staff implementing EV rebate programs they cautioned Oregon not to provide retroactive rebates, as this would increase the portion of rebates going to individuals whose purchases were not made due to the rebate. Allowing purchases prior to the outset of program implementation undermines the purpose of the rebate program and bolsters criticism that it is offering handouts to people who were going to buy these vehicles anyway. While the issue is nearly unavoidable, it can be moderated by making the incentives motivate purchases as much as possible. Moving the rebate closer to the point of purchase increases its incentive.
- In conversations with other states implementing an electric vehicle rebate program, waiting until funds could be distributed and the program administered did not appear to have an adverse effect on vehicle sales. For example, in New York, sales continued to grow for electric vehicles during a nine-month lag time until the rebate program could be implemented.

### **Potential elements for establishing rebate amounts**

The following are potential elements for which DEQ is seeking additional discussion and input from the Advisory Committee.

- DEQ would like input on options to maximize available funding and increase the number of electric vehicle purchases incented by the rebates.
  - Standard rebates: DEQ is considering offering an amount less than the maximum range (\$2500) to be offered as a rebate. Offering the maximum amount for standard rebates in Oregon may result in funds running out, based on potential demand and the fact there is a cap of only \$12M available to fund the program. In California, due to high demand and consumer interest they have had to lower their rebate amounts and restrict eligibility based on household income. At this stage in the program California continues to have funding deficits because all remaining rebates have been issued; it has caused California to modify the program to only allow low-income households to be eligible to apply.
  - Charge Ahead rebates: Offering the maximum amount of \$2500 for Charge Ahead rebates to low and moderate income households offers greater chance of participation success. Based on California’s experience in trying to get more low and moderate income households to participate in the program, they

have steadily increased rebate amounts since the program's inception<sup>1</sup>. Offering the highest amount helps incentivize purchases for those who might not otherwise have done so without the rebate.

## **Alternative formats**

Documents can be provided upon request in an alternate format for individuals with disabilities or in a language other than English for people with limited English skills. To request a document in another format or language, call DEQ in Portland at 503-229-5696, or toll-free in Oregon at 1-800-452-4011, ext. 5696; or email [deqinfo@deq.state.or.us](mailto:deqinfo@deq.state.or.us).

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<sup>1</sup> Rebates amount were originally \$2500 (in 2015), as of November 2017 rebate amounts are \$4500.