



State of Oregon Department of Environmental Quality
Agenda Item C

Electric Vehicle Rebate Eligibility

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Introduction

The Electric Vehicle Rebate rulemaking implements portions of House Bill 2017 (2017) that direct DEQ to develop an electric vehicle rebate program. This program will encourage a higher adoption of zero emission vehicles.

The program contains two rebate elements. One program provides rebates towards the purchase or lease of a new electric vehicle. 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 eligibility considerations for electric vehicles, including purchase date eligibility and whether to limit the number of rebates per person.

Considerations in determining when electric vehicle purchases are eligible

These are preliminary considerations in trying to determine vehicle purchase eligibility. DEQ is seeking additional discussion and input from the Advisory Committee on these issues.

Key Dates

- October 6, 2017: This is the effective date of HB 2017, and the earliest date the EQC could establish purchases as being eligible to apply for rebates once the program is operational.
- 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.
- Spring 2018: This is when EQC may establish the rules that will specify the eligibility criteria, rebate amount and application process. EQC has authority to further narrow criteria from what is

described in HB 2017. Thus, purchasers won't know whether their vehicle qualifies until EQC adopts these rules.

- Mid to late 2018: Due to the legal challenge of the privilege tax, this is the earliest anticipated date DEQ's account to fund the rebates could begin receiving money from the Department of Revenue. This would only occur if the legal challenge is resolved in favor of the constitutionality of the tax; if the challenge is resolved against then all funds will be remitted to the state highway transportation fund and eliminates any funding for rebates. Until then, account funding for the EV rebate will be frozen until the challenge is resolved.

DEQ is currently considering proposing a January 2018 eligibility date to balance the needs of waiting until program criteria are established in rules versus a concern about a chill on electric vehicle sales until purchases become eligible for the state rebate. As part of the considerations, DEQ has considered the following:

- Many of the program requirements will not be established and finalized until the EQC adopts rules, anticipated in the Spring of 2018. If DEQ were to allow purchases to be potentially eligible before rule adoption, potential rebate recipients would have to understand there would be additional information needed from them, there is no guarantee they would still qualify for a rebate, and uncertainty surrounding the final rebate amount they would receive. DEQ wants to minimize confusion and false expectations for any rebate recipient. If DEQ were to wait until rules are adopted it would provide more clarity for interested electric car buyers.
- The \$7,500 federal tax credit offers even more assurance that delaying eligibility to January will not delay current EV sales in Oregon. Because the federal rebate is a tax credit, buyers must wait until their tax returns to realize this value. Thus, this rebate is more motivating for purchases near the end of the year when the tax rebate is only a few months away. For any EV purchases deferred until January 2018, buyers would have to wait until April 2019, when they file their taxes to recoup the federal tax credit rebate. If buyers want to have the immediate benefits of the tax credit, purchasing later would delay that benefit.
- The earlier DEQ allows purchases to be eligible, the longer it will take for rebates to be paid out. Before rebate issuance can occur, DEQ will need to ensure the balance in the electric vehicle rebate account is sufficient to cover retroactive rebates, implementations costs, and potential funding for future rebates. The further back retroactive rebate eligibility is, the higher the likelihood of delayed rebate payments from the original purchase date. It also increases the chance the program will have to cease issuing rebates until funds can be replenished, creating a deficit for the following year's funds and begins another cycle of delayed rebate payments and potential lack of sufficient funding.
- DEQ would like to maximize available resources and increase the number of electric vehicle purchases incented by the rebates as much as possible. In order to do so, the best path forward as incentivizing those potential car buyers into purchasing an electric vehicle when they may not have otherwise done so. Those people buying an electric vehicle before they know whether they'll get a rebate are likely not making that purchase decision based on the possibility of getting an uncertain rebate many months later.
- In conversations with other states implementing an electric vehicle rebate program, waiting 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 9-month lag time until the rebate program could be implemented.

Determining whether to limit the number of rebates per person/household

These are preliminary considerations in trying to determine whether to limit the number of rebates per person. DEQ is seeking additional discussion and input from the Advisory Committee on these issues.

Under the proposed rules, any purchaser or lessee of a new or used electric vehicle must retain registration of the car for at least two years to receive the rebate. Owners could sell or trade in their electric vehicle after the two-year timeframe to conceivably utilize the rebate again towards the purchase of a newer electric vehicle. Additionally, in two-car or more households, they could potentially apply for more than one rebate if they choose to have all their cars be electric vehicles. For lessees, typical lease terms are 36 months, thereby anyone leasing a vehicle could, at the end of their existing lease enter into a new leasing agreement for a new electric vehicle. Under this scenario, qualified applicants could theoretically apply for another rebate under the program.

In order to maximize available funds while incenting the purchase of electric vehicles, there are a few considerations for DEQ. They include:

- Limiting the number of rebates per household or entity.
- Should the limitation apply to all rebates (standard and Charge Ahead), or just standard rebates?
- Not setting a limit, but potentially reevaluating this issue if there is high demand for the rebate and monies are scarce.

DEQ wants to ensure there are future rebate funds for new purchasers or lessees who might participate in the program after the program has been established for a few years. California has instituted a policy of limiting the number of rebates to two per entity and Connecticut limits the rebate to one per person. Part of the consideration for limiting the number of rebates per person is that not setting a limit would no longer influence someone's purchasing decision if a rebate has already been utilized. Essentially, the purchaser has already accepted the technology and it takes away a potential future rebate from a new consumer. Depending upon demand in Oregon, if funds are exhausted before all the rebates are paid out, any new purchasers or lessees may also be discouraged from buying or leasing an electric vehicle because they know they will have to wait an extended period of time before receiving payment.

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