



State of Oregon Department of Environmental Quality

Draft Fiscal Impact Statement

Electric Vehicle Rebate Rule 2021

Statement of fiscal and economic impact

Fiscal and Economic Impact

DEQ is proposing that EQC adopt revisions to the Oregon Clean Vehicle Rebate Program (OCVRP) under Division 270 of Chapter 340 of the Oregon Administrative Rules. The OCVRP 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, 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 (referred to as Charge Ahead rebates).

The proposed rules would revise the OCVRP rules to incorporate 2021 Legislative changes affecting the program.

- Increasing the amount of the Charge Ahead Rebate from \$2500 to up to \$5000
- Allowing low-income service providers to apply for the Charge Ahead Rebate
- Further defining low-income service provider
- Clarifying how low-income service providers apply for the Charge Ahead rebate
- Increasing the manufacturer's suggested retail price (MSRP) cap for fuel celled vehicles to \$60,000

DEQ anticipates that the proposed rules will have positive fiscal impacts on affected parties. DEQ has also identified potential negative fiscal impacts. Overall, DEQ expects any fiscal impacts to be minor, given that the proposed rules do not significantly change the program as it exists now.

Statement of Cost of Compliance

State agencies

DEQ does not expect the proposed rule changes to have a significant fiscal impact on state agencies.

Local governments

DEQ does not expect the proposed rule changes to have a significant fiscal impact on local governments.

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, particularly for low- and moderate-income households. The rule increases the amount of the Charge Ahead rebate from \$2500 to \$5000. When combined with a Standard Rebate, eligible Charge Ahead applicants could receive up to a \$7500 rebate. This provides a larger rebate amount towards the purchase or lease of a new or used vehicle and reduces the out-of-pocket costs incurred by the recipient.

Allowing low-income service providers to apply for the Charge Ahead rebate may also have a positive fiscal impact on the public. These providers would save money on the cost of purchasing an electric vehicle for their organization that provides services to low- and moderate-income households. There are also potential health benefits associated with these rules, as it could increase the number of electric vehicles in use, particularly in low- and moderate-income household areas. Conventional gasoline vehicles emit harmful pollutants such as particulate matter, air toxics, carbon monoxide, and nitrogen oxides. Replacing conventional vehicles with electric vehicles would reduce these emissions and could result in reduced mortality, fewer hospital and emergency room visits, and fewer missed days of work and school.

Increasing the MSRP cap for fuel-celled vehicles provides for a greater number of eligible fuel cell vehicles an applicant can choose from and receive. Increased participation can result in more rebates being issued resulting in a positive fiscal impact to the public.

The proposed rule changes are not expected to have significant negative fiscal impacts on the public. However, the increased amount of the Charge Ahead rebate may result in fewer rebates being available to the public because the available funding may be spent down more quickly. Additionally, the increased eligibility of other applicants to apply for the rebate could also result in DEQ not having 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.

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 additional equipment, supplies, labor, or increased administration required for compliance with the proposed rules.

Large business automobile manufacturers and car dealerships, such as those that manufacture or sell 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 electric 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 3,973 small businesses potentially affected by this rule. This includes 382 automobile dealers (that sell both new and used vehicles). Additionally, there could be up to 3,591 low-income service providers who could be affected by this rule.

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 low-income service providers who buy or lease a new or used electric vehicle. There could be a positive fiscal impact on small businesses manufacturing, selling, or leasing electric 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 electric vehicles eligible for a rebate, as a result of customers choosing to purchase rebate-

eligible vehicles. There could also be a negative fiscal impact on small businesses who are not low-income service providers as they will need to incur higher costs for purchasing an electric vehicle because they do not qualify for the rebate.

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

DEQ originally identified up to 382 small business automobile dealers (that sell both new and used vehicles) and 3,591 low-income service providers that could participate in the OCVRP.

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

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

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

No additional activities are required to comply with the proposed rules. If the low-income service provider decides to participate in the rebate program, they would be required to collect and submit paperwork associated with the rebate application to prove program eligibility.

4. 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, the Oregon Independent Auto Dealers Association, and the Oregon Vehicle 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 2019 data	Employment Department 875 Union Street NE Salem OR 97311