

# House Bill 2092

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Revenue)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Creates tax credit for contributions to Zero-Emission Incentive Fund. Directs Department of Revenue, in cooperation with Director of State Department of Energy, to conduct auction of tax credits.

Establishes Zero-Emission Incentive Fund and requires that auction proceeds be deposited in fund for purpose of making rebates to purchasers of alternative fuel vehicles or zero-emission vehicles. Provides for payment of rebates from fund and for administration of rebate program by Director of State Department of Energy. Limits amount of credits and corresponding rebates to \$30 million for any biennium.

Applies to tax years beginning on or after January 1, 2016, and before January 1, 2022, and to applications for rebates submitted after July 1, 2015.

Takes effect on 91st day following adjournment sine die.

## A BILL FOR AN ACT

1  
2 Relating to a tax credit for contributions; and prescribing an effective date.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1. Section 2 of this 2015 Act is added to and made a part of ORS chapter 315.**

5 **SECTION 2. (1) A credit against the taxes otherwise due under ORS chapter 316 or, if the**  
6 **taxpayer is a corporation, under ORS chapter 317 or 318, is allowed to a taxpayer for certified**  
7 **contributions made by the taxpayer during the tax year to the Zero-Emission Incentive Fund**  
8 **established under section 6 of this 2015 Act.**

9 **(2)(a) The Department of Revenue shall, in cooperation with the Director of the State**  
10 **Department of Energy, conduct an auction of tax credits under this section. The department**  
11 **may conduct the auction in the manner that the department determines is best suited to**  
12 **maximize the return to the state on the sale of tax credit certifications and shall announce**  
13 **a reserve bid prior to conducting the auction. The reserve amount shall be at least 95 percent**  
14 **of the total amount of the tax credit. Moneys necessary to reimburse the department for the**  
15 **actual costs incurred by the department in administering an auction, not to exceed 0.25**  
16 **percent of auction proceeds, are continuously appropriated to the department. The depart-**  
17 **ment shall deposit net receipts from the auction required under this section in the Zero-**  
18 **Emission Incentive Fund.**

19 **(b) The Director of the State Department of Energy shall adopt rules in order to achieve**  
20 **the following goals:**

21 **(A) Subject to paragraph (a) of this subsection, to generate contributions for which tax**  
22 **credits of \$15 million are certified for each fiscal year;**

23 **(B) To maximize income and excise tax revenues that are retained by the State of Oregon**  
24 **for state operations; and**

25 **(C) To provide the necessary financial incentives for taxpayers to make contributions,**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 taking into consideration the impact of granting a credit upon a taxpayer's federal income  
 2 tax liability.

3 (3) Contributions made under this section shall be deposited in the Zero-Emission In-  
 4 centive Fund.

5 (4)(a) Upon receipt of a contribution, the Director of the State Department of Energy  
 6 shall issue to the taxpayer written certification of the amount certified for tax credit under  
 7 this section to the extent the amount certified for tax credit, when added to all amounts  
 8 previously certified for tax credit under this section, does not exceed \$15 million for the fiscal  
 9 year in which certification is made.

10 (b) The Director of the State Department of Energy is not liable, and a refund of a con-  
 11 tributed amount need not be made, if a taxpayer who has received tax credit certification is  
 12 unable to use all or a portion of the tax credit to offset the tax liability of the taxpayer.

13 (5) To the extent the director does not certify contributed amounts as eligible for a tax  
 14 credit under this section, the taxpayer may request a refund of the amount the taxpayer  
 15 contributed, and the officer shall refund that amount.

16 (6)(a) A tax credit claimed under this section may not exceed the tax liability of the  
 17 taxpayer and may not be carried over to another tax year.

18 (b) A taxpayer is not eligible for a tax credit under this section if the first tax year for  
 19 which the credit would otherwise be allowed begins on or after January 1, 2022.

20 (7) If a tax credit is claimed under this section by a nonresident or part-year resident  
 21 taxpayer, the amount shall be allowed without proration under ORS 316.117.

22 (8) If the amount of contribution for which a tax credit certification is made is allowed  
 23 as a deduction for federal tax purposes, the amount of the contribution shall be added to  
 24 federal taxable income for Oregon tax purposes.

25 **SECTION 3.** The Director of the State Department of Energy may hire or contract with  
 26 a marketer to market the tax credits described in section 2 of this 2015 Act to taxpayers.

27 **SECTION 4.** As used in sections 4 to 6 of this 2015 Act:

28 (1)(a) "Battery-operated vehicle" means a vehicle that is powered by an electric motor  
 29 drawing current from rechargeable storage batteries and that has four wheels.

30 (b) "Battery-operated vehicle" does not include neighborhood electric vehicles.

31 (2) "Gasoline-electric hybrid vehicle" means a gasoline-electric hybrid vehicle that is de-  
 32 signed for electric plug-in charging.

33 (3) "Neighborhood electric vehicle" means a vehicle that:

34 (a) Is powered using an electric battery;

35 (b) Has a top speed of 30 miles per hour;

36 (c) Has a gross vehicle weight not exceeding 3,000 pounds; and

37 (d) Has at least four wheels.

38 (4) "Vehicle dealer" means a person issued a vehicle dealer certificate under ORS 822.020  
 39 or renewed under ORS 822.040.

40 (5) "Zero-emission motorcycle" is a motorcycle that produces no emissions of pollutants,  
 41 toxic air contaminants and greenhouse gases when stationary or operating as determined by  
 42 rule by the State Department of Energy.

43 **SECTION 5.** (1) State Department of Energy shall establish an alternative fuel or zero-  
 44 emission vehicle rebate program to provide rebates to purchasers of qualifying vehicles.

45 (2) At the time of purchase of a qualifying vehicle, a vehicle dealer shall issue to the

1 purchaser a rebate for a portion of the purchase price.

2 (3) Rebates for the following qualifying vehicles under this section shall be as follows:

- 3 (a) For battery-operated vehicles, \$3,000.
- 4 (b) For motor vehicles powered by hydrogen fuel, \$3,000.
- 5 (c) For gasoline-electric hybrid vehicles, \$1,500.
- 6 (d) For zero-emission motorcycles, \$1,000.
- 7 (e) For neighborhood electric vehicles, \$750.

8 (4) Rebates under this section shall be made from moneys credited to or deposited in the  
 9 Zero-Emission Incentive Fund established under section 6 of this 2015 Act. A rebate may not  
 10 be made to the extent sufficient funds are not available in the fund to make the rebate.

11 (5) The department by rule shall prescribe the rebate application procedure for vehicle  
 12 dealers on behalf of purchasers.

13 (6)(a) Eligible expenses supporting a claim for a rebate under this section must be veri-  
 14 fied by the Director of the State Department of Energy. The vehicle dealer must submit to  
 15 the director proof of expenses, including any documentation requested by the director to  
 16 verify the expenses.

17 (b) The director may adopt rules that establish a procedure for the submission and ver-  
 18 ification of actual expenses and may establish a fee for the administration of the rebate  
 19 program under this section.

20 (7) A vehicle dealer that submits an application for rebate on behalf of a purchaser may  
 21 collect a processing fee that equals five percent of the rebate the purchaser receives.

22 **SECTION 6.** (1) The Zero-Emission Incentive Fund is established in the State Treasury,  
 23 separate and distinct from the General Fund. Interest earned by the Zero-Emission Incentive  
 24 Fund shall be credited to the fund.

25 (2) Moneys in the Zero-Emission Incentive Fund shall consist of:

- 26 (a) Amounts donated to the fund;
- 27 (b) Amounts appropriated or otherwise transferred to the fund by the Legislative As-  
 28 sembly;
- 29 (c) Other amounts deposited in the fund from any source; and
- 30 (d) Interest earned by the fund.

31 (3) Moneys in the fund are continuously appropriated to the State Department of Energy.  
 32 After the payment of refunds to taxpayers as described in section 2 of this 2015 Act and  
 33 payments to a tax credit marketer for providing marketing services as described in section  
 34 3 of this 2015 Act, the moneys in the fund may be used to:

- 35 (a) Provide rebates for purchases of qualifying vehicles under section 5 of this 2015 Act  
 36 and to cover the cost of providing rebates, including any vehicle dealer processing fees; and
- 37 (b) Pay up to five percent of the State Department of Energy's costs of administering the  
 38 alternative fuel or zero-emission vehicle rebate program under section 5 of this 2015 Act.

39 (4) Expenditures from the fund are not subject to ORS 291.232 to 291.260.

40 **SECTION 7.** (1) The total amount of potential tax credits for Zero-Emission Incentive  
 41 Fund contributions in this state may not, at the time of certification under section 2 of this  
 42 2015 Act, exceed \$30 million for any biennium.

43 (2) In the event that the Director of the State Department of Energy receives applica-  
 44 tions for rebates under section 5 of this 2015 Act in excess of the contributions received  
 45 pursuant to section 2 of this 2015 Act, the director shall allocate the issuance of rebates

1 according to standards and criteria established by the director by rule.

2 **SECTION 8.** Sections 2 and 5 of this 2015 Act apply to tax years beginning on or after  
3 January 1, 2016, and before January 1, 2022, and to applications for rebates submitted on or  
4 after July 1, 2015.

5 **SECTION 9.** This 2015 Act takes effect on the 91st day after the date on which the 2015  
6 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

7

---