



Oregon's Medium and Heavy Duty Zero Emissions Vehicle Rebate Program

Rulemaking Advisory Committee Meeting #3

Proposed Rules

Fiscal Impact and Racial Equity Statements

Zero Emission Rebates for Oregon Fleets - ZERO Fleet

Gerik Kransky
5/29/2024

Agenda

- 1 p.m. – Ground rules, opening statements
- 1:20 p.m. – Proposed rules
- 2 p.m. – Fiscal Impact Statement
- 2:30 p.m. – Break
- 2:40 p.m. – Racial Equity Statement
- 3 p.m. – Implementation considerations
- 3:30 p.m. – Public comment and next steps
- 4 p.m. – Adjourn

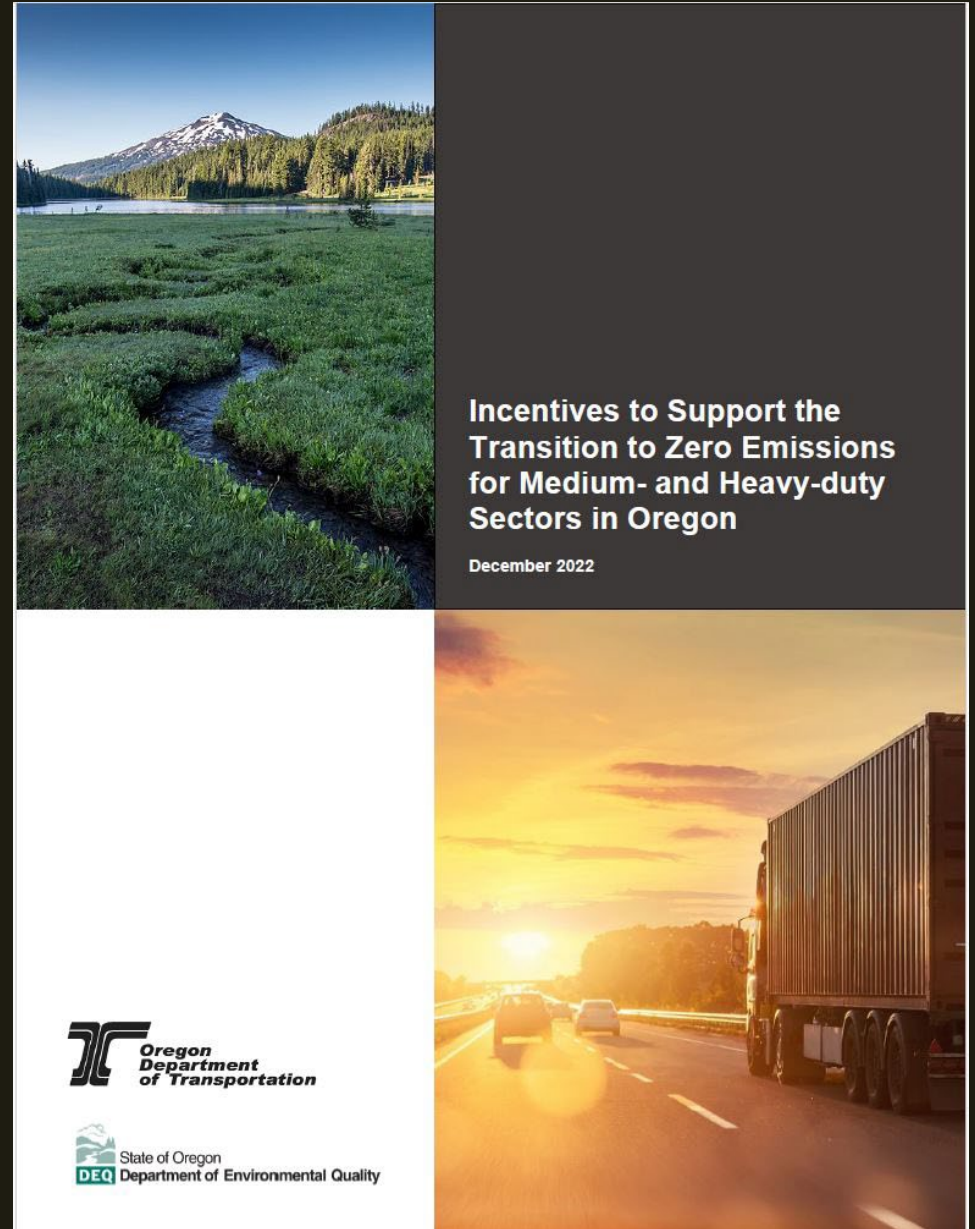
Meeting Ground Rules

- Prepare and set aside time for the meetings
- Raise hand to speak
- Stay focused on the specific agenda topics for each meeting
- Comment constructively and in good faith
- Consult regularly with constituencies to inform the process and gather input
- Treat everyone with respect
- One person speaks at a time
- Avoid representing to the public or media the views of any other committee member or the whole group

Proposed Rules

Align with 2022 Incentive Report

- ✓ Establish quickly and be flexible
- ✓ Link to dedicated sources of funding
- ✓ Can stack with other incentives
- ✓ Emphasize outreach to fleets
- ✓ Promote access and equity



Proposed Rules

- Address clerical error in 340-270-0610(6)
 - New language establishes that vehicles greater than 26,001 lbs. are “heavy duty” not medium duty
- Focus on Oregon fleets in 340-270-0630(1)(a)
 - New language requires that qualifying vehicles be “...registered and operated *primarily* in Oregon...”

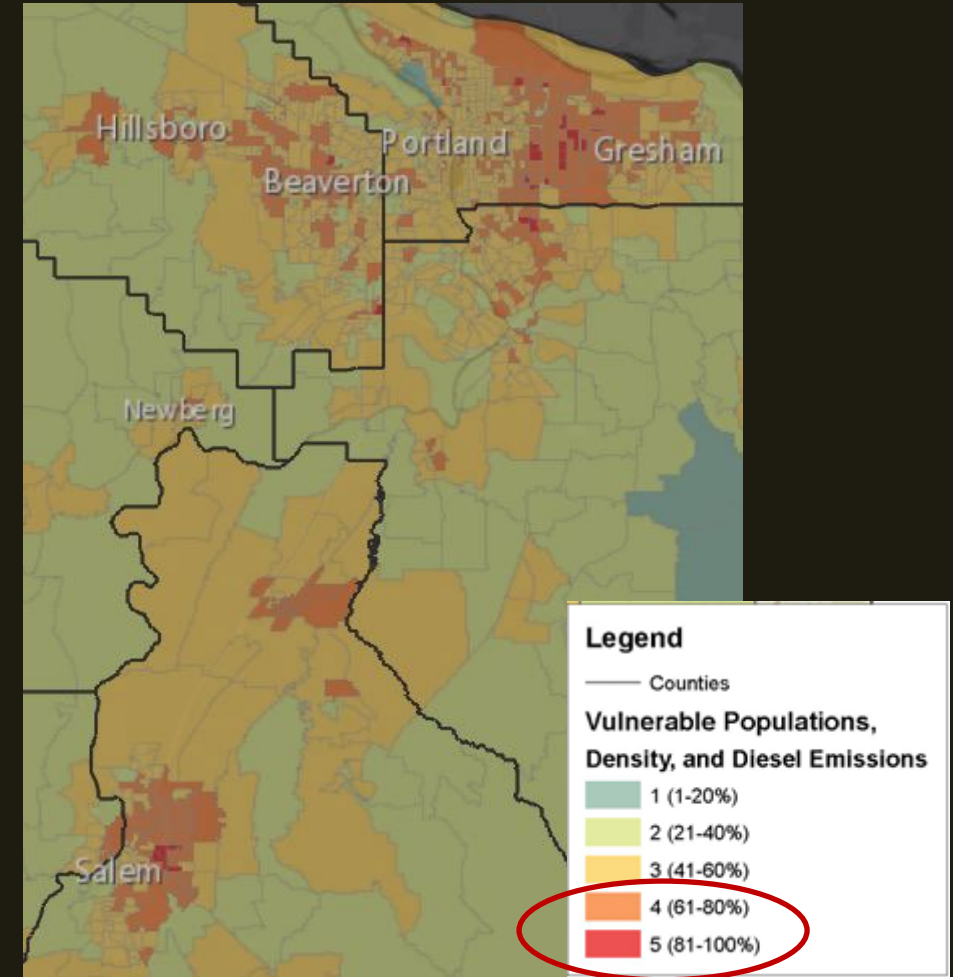
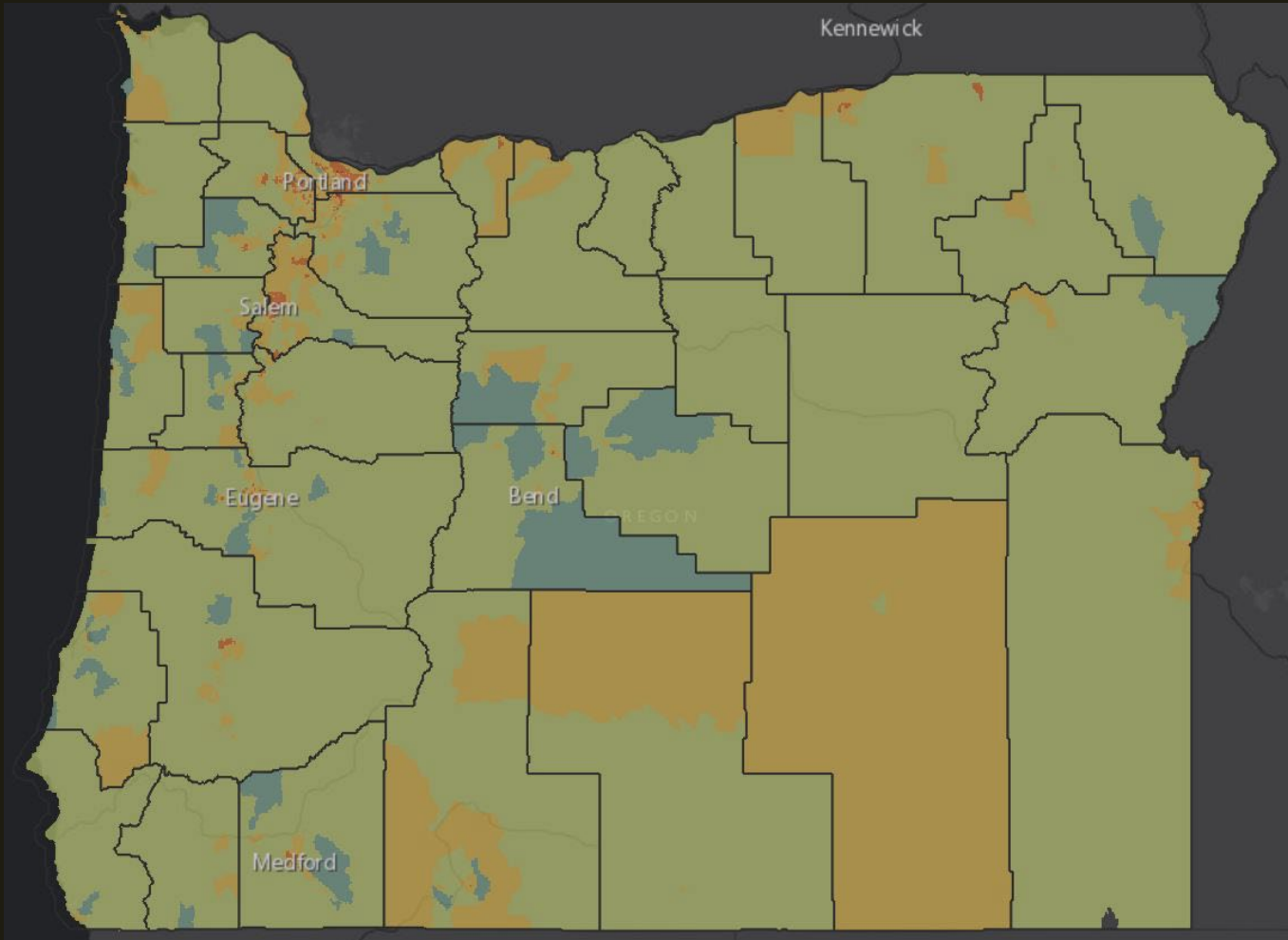
Proposed Rules

- Clarify penalty for violation of post rebate conditions
 - 340-270-0680(1) now includes prorated reimbursement requirement for such a violation
- Clarify prohibition on accessing OCVRP and ZERO Fleet for Class 2b Vehicles...
 - 340-270-0120(7), 340-270-0430(9), and 340-270-0600(5) all require applicants to choose one rebate only

Proposed Rules

- Prioritizes benefits among vulnerable communities in two ways
- All vehicles can apply in disproportionately burdened areas
 - Benefits accrue among those who need it most – 340-270-0700
- Only medium duty vehicle can apply statewide
 - Benefits focused on addressing regional delivery vehicles, more likely to be driving through neighborhoods – 340-270-0690

MD Statewide – HD in Target Areas



Proposed Rules

- Focus on committee member questions and comments.



Fiscal and Economic Impact Analysis – Requirements

- ORS 183.333 requires DEQ request 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 and complies with ORS 183.540.
 - The committee will review the draft fiscal and economic impact statement and will share its comments

Fiscal and Economic Impact Analysis – Overall

- The proposed rules are not anticipated to create negative economic impacts for any entity.
- Program will provide a financial benefit to businesses that purchase MHD ZEV fleets, vehicle dealers, and manufacturers
- The new rebate program will provide direct financial incentives for MHD ZEV purchases, creating a positive economic impact.

Fiscal and Economic Impact Analysis – Public

- The public would benefit from the proposed rulemaking.
- People will realize a fiscal benefit from improved health outcomes due to better air quality from rebate funded projects.
- The Oregon Clean Vehicle Rebate Program rule changes are expected to have a positive fiscal impact on the public, particularly for low- and moderate-income households.

Fiscal and Economic Impact Analysis – Impact to Large and Small Businesses

- Those that choose to participate in the rebate program would benefit from the proposed rules.
 - All sizes of businesses would be eligible to apply for rebate funding to lease and purchase qualifying vehicles, providing a benefit.
 - All sizes of businesses that sell qualifying vehicles would see increased sales, providing a benefit.

Fiscal and Economic Impact Analysis – Impact to Small Business

- An estimate of the number of small businesses subject to the proposed rule and identification of the types of businesses and industries with small businesses subject to the proposed rule;
 - 2,358 truck transportation businesses
 - 392 couriers and messengers
 - 304 transit and ground passenger transportation businesses
- Those that choose to participate in the rebate program would benefit from the proposed rules.

Fiscal and Economic Impact Analysis – Impact to Small Business

- Projected reporting, recordkeeping and other administrative activities required by proposed rule:
 - Businesses that apply for rebate funding would be responsible for the costs of preparing, applying, and submitting three annual reports.
 - DEQ estimates these costs would be minimal, under 2 hours of staff time total.
 - OCVRP rule changes do not require any additional mandatory compliance costs and the impact is expected to be positive.
 - Costs may be offset in whole or in part by any rebates received.

Fiscal and Economic Impact Analysis – Impact to Small Business

- Equipment, supplies, labor and increased administration required for compliance with the proposed rule
 - The proposed rules will not require any additional resources for small businesses to comply.

Fiscal and Economic Impact Analysis – Impact to Small Business

- A description of the manner in which the agency proposing the rule involved small businesses in the development of the rule.
 - DEQ included small businesses and trade associations that have small businesses as part of their membership.
 - A separate meeting with Oregon Clean Vehicle Rebate Program interested parties also discussed these impacts and those recommendations were considered and incorporated.

Fiscal and Economic Impact Analysis – Committee Feedback

- Do you think the proposed rules have a fiscal impact?
- What is the extent of the impact?
- Will the proposed rules have a significant adverse impact on small businesses?
- Based on this discussion and your review of the draft fiscal and economic impact statement please share your comments now.

Stretch Break

- Up next:
 - Racial Equity Impact
 - Implementation Considerations
 - Public Comment
 - Next Steps

Racial Equity Impact – Requirements

- ORS 183.335(2)(a)(F) as amended by HB 2993, requires state agencies, when providing notice of a rulemaking, to provide a statement identifying how adoption, amendment or repeal of the proposed rules will affect racial equity in the state.
- DEQ is asking for the committee's input on how adoption of this rule may affect racial equity in the state.

Racial Equity Impact – Statement

- Longstanding systemic barriers built into government systems have left communities of color behind in accessing the programs and services that would offset the effects of history.
- The cost of ZEV is higher than conventional fossil fuel vehicles and is a barrier to vehicle ownership.
- There are additional indirect costs due to the need to install charging infrastructure for vehicles at their fleet's base of operations.

Racial Equity Impact – Statement

- The proposed rules will reduce these costs by providing direct incentives at the point of purchase for awarded applications.
- There is also a lower total cost of ownership for ZEV through decreased maintenance and fuel costs.

Racial Equity Impact – Statement

- DEQ estimates that proposed rules will advance racial equity in the state by reducing greenhouse gas emissions from trucks and buses in Oregon, with an emphasis in areas that face disproportionate burdens from air pollution.
- Incentivizing purchase of zero emissions vehicles will help Oregon achieve co-benefits such as improved air quality through reduced emissions particulate matter, oxides of nitrogen, and carbon dioxide.

Racial Equity Impact – Committee Feedback

- DEQ is asking for the committee's input on how adoption of this rule may affect racial equity in the state.
- How do you think the new ZERO Fleet program and OCVRP changes will impact racial equity?
- Are there other racial equity implications DEQ should consider?

Implementation Considerations

- Connect rebates and potential charging infrastructure funding
- Establish DEQ application process for dealers and buyers
- Straightforward, online, and single location for all info and applications



Implementation Considerations

- Clarify location-based information including maps and delivery zip codes
- Allow Proportional and International Registration Plan as appropriate
- Include scrappage option to improve air quality impacts
- Develop a post-rebate survey to help improve program



Public Comment and Next Steps

- Public comment opportunity for attendees
 - Please raise hand, 3 minutes for comment
- DEQ staff welcomes written comments on meeting materials until 6/5/2024 at MHDZEV.2024@DEQ.oregon.gov
 - Public comment period opens 6/12/2024
 - Public hearing on 7/17/2024
 - Public comment period closes 7/22/2024
 - EQC consideration on 9/26 or 9/27/2024

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Title VI and alternate formats

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