

SB-4 Would Raise CHEAPR MSRP Cap

Omnibus Transportation and Energy Committee Bill Includes Support for EVs

Aside from SB-214 that would enable direct EV sales, there was another significant bill that advanced to the full chamber in SB-4 which passed by a committee vote of 23 – 11.

CHEAPR

Changes to the state EV purchase-incentive program, CHEAPR, are one aspect of the bill.

- The MSRP cap for eligible vehicles is raised to \$50,000.
- The budget of the program is being increased, though an exact amount is not specified.
- Changes are coming to incentives designed for income-limited individuals that will broaden eligibility and raise the incentive. The current formulation has had a very low take-rate. If a way can be found so that it can be cash on the hood as is the case with the standard incentive, that would also help. There are incentives for both new and used EVs.
- There will be an e-bike incentive of \$500 for individuals who are income-limited or live in an environmental justice community. Eligible bikes have a price cap of \$2000. (There is some discussion regarding whether that cap is unrealistically low.)
- Currently, CHEAPR incentives are only available to residents. This bill expands it to include businesses, municipalities, non-profits, and tribal entities. It

entitles them to up to 10 rebates in a single year with a total cap of 20.

- The CHEAPR Board is changing. The specifics of who is eligible to be appointed are being modified. The board is losing some agency and becomes an advisory board.

DEEP released a discouraging stat that only 34% of eligible vehicles are being sold with a rebate. This number starts with June of 2021, so the lifetime cap would not be an issue. There could be a few reasons for this, but at the risk of being IF0, this is a point of sale rebate and the point of sale is the dealership. According to the Center for Sustainable Energy, the consultant that runs the program for DEEP, Tesla has the rebate integrated into its checkout flow. The dealers should do the same, and in general be more proactive about educating customers about the program.

These are some of the other items in SB-4:

- Right to charge language that would make it easier for residents of multi-unit dwellings to be permitted to install a charger.
- A requirement that any state funded project not contribute to emissions, either directly or via an offset.
- Mandates to increase the electrification of the state vehicle fleet until it covers 100% of the fleet by 2030.
- Funding for the installation of EV charging stations in the rural areas of the state that are not likely to benefit from the Infrastructure Bill funding, which focuses on major highway corridors.
- School bus contracts would be permitted to be extended to 10 years from the current 5, making the numbers pencil out for electric.
- A prohibition on purchasing/leasing diesel transit buses beginning in 2024.

Passing out of committee is just the first step. However, SB-4 has 56 sponsors and is thought to have a high likelihood of becoming law.