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Governor



## **Governor's Sustainable Transportation Initiatives**

### **Vehicle Miles Traveled (VMT) Reduction Goals**

Reducing vehicle miles traveled (VMT), in particular from discretionary trips in single occupancy vehicles, is a critical component for reducing the transportation sector's contribution to greenhouse gas emissions (GHG). In working to reduce VMT, we should ensure that Oregonians' quality of life is maintained and Oregon's businesses can continue to contribute to our economic wellbeing. Any VMT reduction goals should be specific, focused, and based on realistic assessments of what can be achieved given Oregon's diverse communities.

Freight trips should not be subject to the requirement, since the movement of goods is critical to Oregon's economy. Discretionary trips in single occupancy vehicles would be a higher priority for trip reduction, as would those in urban areas where more transportation choices exist. In implementing statewide vehicle miles traveled goals, the state should recognize that those capacity projects that address system bottlenecks and reduce congestion could have a net GHG benefit (as well as other benefits such as freight mobility), even if they do not meet statewide VMT reduction goals in and of themselves.

### **Least Cost Planning Tools**

Least cost planning is a model that has been in use by the utilities for many years. It evaluates different investments not only in economic terms but also in terms of intangibles. For example, a project to build a power plant is compared to a project to actually reduce the demand for energy. In other words, least cost planning asks if an investment in reducing demand is a better option than an investment to increase capacity.

In addition to evaluating no-build alternatives, least cost planning also allows for objective consideration of other important policy goals such as reducing carbon output and helping to address the problem of climate change. The Department of Transportation will begin to develop a least cost planning model so that we can optimize the critical investments we need in transportation while, at the same time, making sure that we address climate change and other environmental issues that are so critical to our quality of life.

### **Alternative Vehicle Technology (Electric Vehicles) Tax Credits**

Currently, the Business Energy Tax Credit (BETC) and the Residential Energy Tax Credit (RETC) encourage alternative fuel vehicles and associated fueling infrastructure. Oregon issued more than 3,000 BETC and RETC credits last year for hybrid vehicles. The typical full hybrid qualifies for two RETC credits, one for the electric propulsion portion of the vehicle and secondly for the on-board battery recharging system for a total of \$1,500. The BETC credit is 35 percent of the eligible cost, which is based on the cost difference from a traditional gas-powered vehicle.

The state should review its related statutes and phase out tax credits for standard hybrid technologies. These credits could then apply to vehicle technologies that meet a standard for high efficiency and low emissions, such as Plug-in Hybrid Electric Vehicles (PHEV). If structured correctly, the state could increase the credit for higher efficiency vehicles and still be revenue neutral over the next two biennia. This credit could sunset as PHEV technology becomes more widespread.