74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session **MEASURE:** **HB 2211-A**
STAFF MEASURE SUMMARY **CARRIER:**
House Committee on Energy and the Environment

REVENUE: May have revenue impact, statement not yet issued
FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue by Prior Reference
Vote:	7 - 0 - 0
Yeas:	Beyer, Burley, Cannon, Jenson, Macpherson, Smith G., Dingfelder
Nays:	-
Exc.:	-
Prepared By:	Cat McGinnis, Administrator
Meeting Dates:	1/29, 1/31, 2/2

WHAT THE MEASURE DOES: Amends the Business Energy Tax Credit (BETC). Increases the amount of tax credit for renewable energy from 35 percent to 50 percent of eligible cost taken over five years. Provides a tax credit to homebuilders for installing renewable energy systems in homes and for designing and building high-performance low energy use homes. Allows use of the BETC and any federal energy tax credit for the same qualifying energy efficiency or renewable energy project. Provides that alternative fuels facilities, combined heat and power facilities, and renewable energy manufacturing facilities qualify for the 50 percent tax credit. Increases the size of hydro facility eligible for BETC from one megawatt to ten megawatts, provided the facility meets all statutory requirements for protection of fish and wildlife. Increases the maximum amount of cost eligible for the tax credit from $10 million to $20 million per project for renewable energy resources including alternative fuels renewable energy manufacturing facilities or combined heat and power projects.

ISSUES DISCUSSED:

- Effective date and applicability of bill to facilities under construction
- Future decommissioning of energy manufacturing facilities.
- Tax credit for energy efficiency projects not covered in the bill
- Fiscal effect of eliminating offset for Federal tax credit

EFFECT OF COMMITTEE AMENDMENT:

- Changes definition of “high performance home” to remove minimum required net energy reduction.
- Clarifies that a transferred tax credit does not allow a utility to decrease the amount of taxes it reports.
- Clarifies that bill applies to facilities acquired, erected, constructed or installed on or after January 1, 2007.

BACKGROUND: Tax credits are currently available through the Oregon Department of Energy to businesses that invest in energy conservation, recycling, renewable energy resources, and less-polluting transportation fuels. The tax credit is 35 percent of eligible project costs - the incremental cost of the system or equipment that is beyond standard practice. Businesses are allowed to take the credit over five years: ten percent in the first and second years and five percent each year thereafter. Businesses can carry the unused credit forward up to eight years. Those with eligible project costs of $20,000 or less may take the tax credit in one year.

Through 2003, more than 7,400 Oregon energy tax credits were awarded. Altogether, those investments save or generate energy worth about $215 million a year.