75TH OREGON LEGISLATIVE ASSEMBLY 2009 Regular Session **MEASURE: HB 2472 B***
STAFF MEASURE SUMMARY **CARRIER: Rep. Barnhart**
CONFERENCE COMMITTEE ON HB 2472 B **Sen. Burdick**

REVENUE: Revenue Impact issued
FISCAL: Minimal Fiscal Impact, no statement issued

Action: Concur in Senate Amendments dated 6/18 and Further Amend and Repass the Bill
Vote: 5-1-0
Yeas: Rosenbaum, Bailey, Morse, Burdick, Barnhart
Nays: Bentz
Exc.: 0
Prepared By: Chris Allanach, Economist
Meeting Dates: 6/24

WHAT THE BILL DOES: Establishes grounds for mandatory denial of preliminary certification for projects exceeding $5 million that fail to meet certain criteria. Requires affected applicants to have applied for all required state and local licenses and permits, to not be in arrears on any tax owed to the state or local governments, and to keep the facility in continuous operation for at least five years after it is placed in operation. Prohibits the Department of Energy from issuing a final certification unless all necessary permits and licenses have been issued and allows them to require the other conditions to be met to issue or revoke a final certification. Allows the Department of Energy, when considering an application, to consider the number of jobs created, the economic benefits, the revenue impact as compared with the projected benefits, and whether or not construction of the facility is dependent upon preliminary certification. Prohibits the Department of Revenue from paying interest on amounts due to a credit claimed by a credit transferee upon the filing of an amended tax return. Treats electric vehicle manufacturers as renewable manufacturing facilities for purpose of the credit. Allows the Department of Energy to consider multiple applications as a single application for certain purposes if the facilities are in such close proximity, or so closely related, that they constitute a single facility. Eliminates the automatic 10% increase in the credit due to higher than estimated project costs. Reduces the project cost cap from $20 million to $10 million and the credit percentage from 50% to 35% for renewable projects with installed capacity greater than 10 megawatts. Applies to preliminary certifications issued on or after the effective date of the bill. The lower cap and percentage apply to completed applications received on or after July 1, 2009; all other provisions are applicable to preliminary certifications issued on or after June 1, 2009.

ISSUES DISCUSSED:
- Focusing tax credits on economic development goals and emerging technologies
- Compromise between the House and Senate versions of the bill
- Potential impact on large wind projects

EFFECT OF COMMITTEE AMENDMENTS: Increases the credit percentage from 30% to 35%; reduces the capacity requirement from 15 to 10 megawatts; eliminates the differential treatment of wind projects as compared to other projects.

BACKGROUND: The BETC was created in 1979 for projects pertaining to recycling, energy conservation, and renewable energy. Generally, the credit is 35% of the certified cost taken over five years: 10 percent in the first two years, and 5 percent for the subsequent three years. In 2007, the credit was increased to 50% over five years for projects that use or produce renewable energy or are a renewable energy resource equipment manufacturing facility. In 2008, the Assembly required the Department of Energy to establish criteria relating to the credits for renewable energy equipment manufacturing facilities (HB 3619). These criteria include standards relating to employment gains, financial viability, likelihood of long-term success, and the likely impact on location or expansion decisions. That same legislation allows the Department of Energy to certify a lesser amount if General Fund revenues are less than expected or if the standards mentioned above are not met.

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