REVENUE IMPACT OF PROPOSED LEGISLATION

75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office

Bill Number:	HB 2472 A
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	5-5-09

Measure Description: Establishes grounds for mandatory denial of preliminary certification for projects exceeding $5 million that fail to meet certain criteria. Allows the Department of Energy, during the certification process, 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 certification. 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. 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. Eliminates the automatic 10% increase in the credit due to higher than estimated project costs. Reduces the cap from $20 million to $15 million for renewable projects with installed capacity greater than 20 megawatts. Applies to preliminary certifications issued on or after the effective date of the bill.

Revenue Impact ($Millions):

	Fiscal Year			Biennium		
	2009-10	2010-11		2009-11	2011-2013	2013-2015
General Fund	**$2.8**	**$6.0**		**$8.9**	**$24.1**	**$32.4**

The estimated revenue impact in this statement is the net impact of all the policies contained in the bill. Generally, the provisions would reduce the use the Business Energy Tax Credit; however, the bill does expand one part of the credit by making electric vehicles manufacturers eligible for the credit as renewable manufacturing facilities. The largest share of the credit reduction is due to the elimination of the automatic 10 percent increase in the credit due to higher than expected project costs. The second largest impact on reducing the amount of credits claimed are the provisions related to the criteria for large projects.

Creates, Extends, or Expands Tax Expenditure: Yes

The purpose of this bill is to increase the focus of the credit in areas related to economic development while reducing the overall cost of the credit.

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