Testimony before Joint Committee on Tax Credits on HB 3671-1
Thursday, June 9, 2011

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Thank you for proposing this omnibus bill that extends sunsets on various tax credits, and makes orderly and favorable changes to a number of major energy programs. These comments represent a brief review of the bill and are additional to many other comments that you are hearing today.

First, thank you for agreeing in this bill to extend the sunset date for the tax credits eligible under the e-commerce provision of enterprise zone programs, and with the longterm rural enterprise zone program.

Sections of the bill that we believe need some reworking include:

Sections 5, 6 and 7: Tax Credits related to Enterprise Zone programs. Section 5 and 6 extend the sunset dates for the E-commerce and and Long term rural enterprise zone program income tax credit programs sufficiently. Section 7 should be removed from the bill since it conflicts with an already legislated bill which extended the sunset date for the property tax abatement of the enterprise zone program. We do not believe you intended to make a further change in this bill for the property tax abatement portion of the enterprise zone program in this bill.

Section 1: Business Energy Tax Credit sunset date language. To clarify intent here and make sure we have an orderly closure to the current BETC for projects in the pipeline whose developers have expended major time, effort and funding to put investments and jobs in place and have already filed for pre-certification, it would be helpful to amend ORS 315.357 by deleting subparagraph (a), lines 16 and 17 on page 1. That would allow these projects that would receive approval from ODOE to complete the cycle.

Section 15 and on: Establishing a new Renewable Energy Generation program for projects of 35 mw and lower. This is a do-able program that continues important generation investments in Oregon. It will enable next steps at lower ranges of investments which may receive grant funding for projects; but those investments and jobs created will benefit communities directly by tending toward local ownership by cities, county, non-profits, and local citizens. Though the initial funding you propose is perhaps too low, and will not produce much investment in the beginning, the infrastructure will be in place to allow the program to grow at an orderly pace as the economy improves in Oregon. This should help Oregon maintain its leadership position to encourage the clean energy economy. But several important changes are needed here including:

Section 20: Renewable energy production system definition. The definition in this proposal excludes wind in (7). Since net-metering and community scale wind development in Oregon is still one of the more viable options available within the 35 mw limit you propose in the new program, we feel strongly "wind" should be added back in. We have current project proponents in communities now who are trying to develop projects with local investment; it would be unwise that Oregon become the only state in the nation that would deny this cost-effective opportunity for clean energy generation.

In (3a) of this same section, the word "taxpayer" is used in the definition of "cost". If communities or private-public developers are putting projects in place in any of the technologies, the use of the word "taxpayer" would seem to limit project development to only taxpayers. We don't believe you intend that to be the policy in this program.

Section 22: Determining eligibility. Subsection (1) suggests that "preference shall be given to those systems that provide long-term energy savings from the use of renewable energy resources." We are not sure what the word "savings" means here. Do you mean the long-term reduction of costs for energy development? This should be clarified.

Section 24: Related to application requirements for a grant. Subsection (g) suggests that a proposal be tied in some way to a recommendation from the Oregon Innovation Council. Currently this does not tie well to most of the technologies, other than wave and maybe biomass. Is this out of place here?

Section 38(c) Economically viable language. This requirement doesn't seem to fit when trying to conserve energy by applying for a tax credit for an otherwise viable project. Many of these projects are with public facilities, schools, etc. It would be good to omit this language, as in Section 52(c) discussed below.

Section 46 and on: Tax Credit for Transportation Projects. We commend you for trying to scale down the amount of tax credit usage for funding transportation, particularly for the transit programs in rural and urban Oregon. These programs are vital to communities trying to serve low-income, senior and disabled Oregonians. Thank you for keeping this "funding" in place while we search for a better model for funding, which eludes us now. Two areas of concern here with the wording in the bill include: (1) since this program still relies on a tax credit, we must allow for entities (publics and non-profits) to have transferability of credit; (2) Section 52(c) includes a requirement to be "economically viable" in order to use the program. This subparagraph doesn't seem to fit in the context of trying to continue operation of a transit program, with funding from a number of sources including this tax credit.

Thank you for your efforts. We will work with you on finalizing this bill in the next few days.