76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session **MEASURE: SB 319 A**
STAFF MEASURE SUMMARY **CARRIER:**
Senate Committee on Environment & Natural Resources

REVENUE: Revenue statement issued
FISCAL: Minimal fiscal impact, no statement issued

Action:		Do Pass as Amended and Be Printed Engrossed and Be Referred to the Joint Committee on Tax Credits by Prior Reference
Vote:		5 - 0 - 0
	Yeas:	Hass, Olsen, Prozanski, Thomsen, Dingfelder
	Nays:	0
	Exc.:	0
Prepared By:		Beth Patrino, Administrator
Meeting Dates:		2/8, 3/17, 4/12

WHAT THE MEASURE DOES: Extends sunset date for tax credit for retrofitting and repowering diesel engines to 2018.

ISSUES DISCUSSED:
- Effectiveness of credit for new diesel engine purchases
- Use of credit less than expected

EFFECT OF COMMITTEE AMENDMENT: Removes credit for new diesel engines. Extends sunset date for retrofit and repower credit to 2018.

BACKGROUND: A tax credit has been allowed against personal or corporate income taxes since 2008 for 25 percent of the certified costs incurred in repowering non-road diesel engines or 50 percent of the costs of retrofitting non-road and road diesel engines. A qualifying diesel engine repower is the scrapping of an old diesel engine in a non-road vehicle or piece of equipment and replacing it with a new, used or remanufactured engine. A qualifying diesel engine retrofit means to equip a diesel engine in a vehicle or piece of equipment designed either for non-road use or use on public roads with new emissions reducing parts or technology after the manufacture of the original engine. A retrofit must use the greatest degree of emissions reduction available for the particular application of the equipment retrofitted that meets the cost effectiveness threshold. To qualify for the credit, the repower and retrofit must reduce particulate matter emissions by at least 25 percent, and at least 50 percent of the use for the three years following the repower or retrofit must occur in Oregon. This credit is scheduled to sunset on January 1, 2012; Senate Bill 319 A would extend the credit to January 1, 2018.