OregonTransit ASSOCIATION

Public Transit Matters

March 21, 2013

Rep. Jules Bailey
House Energy Environment and Water Committee
900 Court Street
Salem, OR 97301

Dear Chair Bailey and Members of the Committee:

My name is Allan Pollock. I am the General Manager of Salem-Keizer Transit and the President of the Oregon Transit Association, an organization comprised of public transit agencies and supporting local governments that advocate for better public transportation services. I am writing today on behalf of the Oregon Transit Association to support House Bill 2894. Among other changes, HB 2894 would change the transportation energy incentive program (EIP) credit from a five year credit to a one year credit, which would make it tremendously easier for transit agencies to sell their EIP credits and take full advantage of the program.

The 2011 Legislature recognized the grave financial impact caused by the sunset of the Business Energy Tax Credit (BETC) program on transit agencies across the state. House Bill 3672 (Section 52) allowed transit providers a "ramp off" from BETC by creating a transportation energy incentive program (EIP) that will expire in 2016. The intent of the Legislature was to provide financial support for essential transit services with a declining energy credit over four years while other sustainable sources of funding were explored and secured.

As the program stands, a partner must risk a significant investment to purchase the tax credit (approximately 98%) and tie up the investment for five years to take a partial credit in equal amounts over those years for a total return of approximately 2%. Furthermore, there is risk to the partner in that a tax liability at least equal to the credit is only possible if the partner earns a certain profit. This is not a marketable incentive and has pushed the State's transit agencies off the cliff it was intended to avoid.

The Oregon Transit Association's Board of Directors voted unanimously at its last meeting (January 8, 2013) to formally request that this policy be amended to meet the original intent of the Legislature. Other energy tax incentives are sold to tax payers at a rate of 5% which is fully recoverable within the same single tax year. This time period and rate would work for transit projects. It is a logical adjustment because the transit projects are completed in one year. The improved rate of return and shortened time frame would make the program more appealing to partners and indirect funders of transit.

Thank you very much for your consideration.

Sincerely,

Allan Pollock
President, Oregon Transit Association 2011-13
General Manager, Salem-Keizer Transit

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