AOC TESTIMONY IN SUPPORT HB 4027, as Amended – Solar Facilities
HOUSE COMMITTEE ON REVENUE
February 15, 2018

I am here today representing Association of Oregon Counties in support of the current in-lieu of -taxes arrangement with solar facilities and clarifying amendments to HB 4027. as indicated here:

SOLAR ASSESSMENT
The counties, particularly those in the sunny parts of the state, have been supportive of the 2015 established method of assessment in lieu of taxes for solar generating facilities. That method has been a **permissive policy** for county governing bodies (and cities where applicable) to enter into agreements with solar developers to receive payments at the rate of $7,000 per megawatt in lieu of a centrally assessment tax on the development over a period of up to 20 years. The period of the agreements have varied from agreement to agreement.

It should be noted that, according to the statute, if such developments were to fall in rural renewable energy development zones, or were large enough to be assessed under a Strategic Investment Program agreement with a county (or city), this method would not be available. Those programs would be used instead.

A number of counties have approved solar development projects under this scheme because in their analyses the rate per megawatt over the years of the agreement both levelized the amount of in-lieu-of-taxes payment for those years, **and** brought in amounts higher than what they could otherwise receive. This arrangement has also worked for the developer as they have noted.

As you may know, there are some areas of the state where a solar development may not yield the best energy, or where the assessment rates of taxation are higher with other uses than the $7,000 amount per tax year which can be obtained here. Therefore, counties may not want to use this program; so it is important that the policy remain permissive.

SOLAR FACILITY DEFINITION; VALUATION AND BILLING SIMPLIFICATION
You should have before you in the amendment a **definition of "photovoltaic solar power generation facility"** for this program. County assessors and the Dept of Revenue have encouraged this addition. We support this. The issue of storage has come up under this definition. To date, the facilities under this program have not had a storage element that would bring into question the rate level. We don't expect this to be an issue in the near term, but over time we would like an ability to work with the solar industry to determine how this should be handled. We are open to how this language is decided.

The amendments to simplify the valuation and billing processes at DOR and for the Assessors is a good addition. Our experience has shown this will be much preferable going forward.

To finalize my comments, county commissioners and judges met with Mr. Brown last week and agreed to the negotiated changes discussed above.