

From: [McGovern Jaime](#)
To: [Anderson Austin](#)
Subject: Fwd: OSACA Support for SB 769
Date: Monday, May 20, 2019 7:55:07 AM

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From: Erik Kancler <erik@kanclerconsulting.com>
Date: May 20, 2019 7:41 AM
Subject: OSACA Support for SB 769
To: Rep Nathanson <Rep.NancyNathanson@oregonlegislature.gov>, Rep Marsh <Rep.PamMarsh@oregonlegislature.gov>, Rep Findley <Rep.LynnFindley@oregonlegislature.gov>, Rep Hernandez <Rep.DiegoHernandez@oregonlegislature.gov>, Rep Reschke <Rep.EWernerReschke@oregonlegislature.gov>, Rep Smith G <Rep.GregSmith@oregonlegislature.gov>, Rep Smith Warner <Rep.BarbaraSmithWarner@oregonlegislature.gov>
Cc: McGovern Jaime <Jaime.McGovern@oregonlegislature.gov>

Chair Nathanson, Vice-Chairs Marsh and Findley, and members of the House Committee on Revenue:

I'm writing in support of SB 769, which is scheduled for a public hearing this morning. SB 769 would make an administrative change to the way utility-scale solar projects make Payments in Lieu of Taxes (PILOTs). It passed the Senate Finance and Revenue Committee and the Senate Floor without dissent.

PILOTs provide an alternative to ad valorem property taxation. They are meant as a means for utility-scale solar projects to pay, and for counties to collect, a set amount of revenue in lieu of central assessment, for which payments vary over time. PILOTs are voluntary, and must be mutually agreed upon by both the project owner and counties.

PILOTs were established via legislation in 2015. They allow for contracts of up to 20 years and are calculated by multiplying the nameplate capacity of the project (in Megawatts) by \$7,000. This revenue is then collected distributed to taxing districts by a unique process, also established by legislation in 2015.

What SB 769 would do is replace that process and insert a requirement instead to collect and distribute the revenue via the property tax roll. Frankly, we're not sure why a separate process was established in 2015. But it's proven clunky and relatively difficult to administer. The property tax system provides for a simpler, more uniform, and more transparent process for collecting and distributing the revenue. On that point, everyone seems to agree.

The Department of Revenue, Association of Oregon Counties, Renewable NW, the Oregon Solar Energy Industry Association, and others were consulted and indicated no opposition to the base bill, as it's simply an administrative change intended to make everyone's lives easier.

Following passage by the Senate, however, the need for an additional tweak was identified. And an amendment is being drafted.

As mentioned, PILOT payments are calculated by multiplying the nameplate capacity by

\$7,000. If the nameplate capacity changes, the payments change. Therefore, there's a need for some regular reporting to ensure changes are accounted for.

By statute, PILOTs require solar projects to make "annual requests for computation" to the county assessor, whether or not there's a change in capacity. But the way SB 769 is drafted could be interpreted to read that an application for a PILOT is due every year. And it leaves it open as to what happens if such an application isn't made. So we need an amendment to reconcile that.

The solution, we believe, is simple: Amend the bill to require instead that utility-scale solar projects report the nameplate capacity to the DOR every year as part of their annual statements, require the DOR to send the information to assessors via utility tax rolls, then require assessors to calculate the PILOT amounts.

DOR and assessors have discussed and as of late last week are in agreement on the solution. We've sent this proposed solution to the other parties listed above with the goal of drafting a consensus amendment. Assuming we can accomplish that, our intent would be to bring the amendment for consideration and hopefully adoption and passage. We don't intend to move the bill without an agreed-upon fix.

Thank you and please let me know if you have any questions.

Sincerely,
Erik Kancler

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