

**SB 1504 -1 STAFF MEASURE SUMMARY**

**Senate Committee On Finance and Revenue**

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**Prepared By:** Jaime McGovern, Economist

**Meeting Dates:** 2/13, 2/18

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**WHAT THE MEASURE DOES:**

Directs Department of Environmental Quality to study potential uses of government revenue from program for placing price on greenhouse gas emissions. Requires department to report to interim committee of Legislative Assembly no later than September 15, 2020. Sunsets January 2, 2021. Takes effect on 91st day following adjournment sine die.

**ISSUES DISCUSSED:**

- Tax implications
- Connection to SB 1530
- Implementation
- Expense vs. capital asset
- Treatment when allocations are used and not sold

**EFFECT OF AMENDMENT:**

-1 Replaces measure. Defines carbon dioxide equivalent. Specifies that fungible authorizations to emit are not property. Specifies that the receipt of an emission allowance is not subject to taxation under ORS 316,317 and 318. Directs Department of Transportation to study change in fuel classification and requires study report.

**BACKGROUND:**

SB 1530 creates a system of allocation for allowances. The allowances are required to be retired upon emission from covered entities in Oregon. SB 1504 with the dash 1 proposes treatment of the allowances, which would allow an entity to remit without a taxable event, and in addition, creates a basis of zero if that allowance is not retired but instead sold.