

SB 154 A STAFF MEASURE SUMMARY

Carrier: Rep. Nathanson

Joint Committee On Tax Expenditures**Action Date:** 06/14/21**Action:** Do Pass the A-Eng bill.**House Vote****Yeas:** 7 - Levy, Marsh, Nathanson, Pham, Reschke, Smith G, Valderrama**Senate Vote****Yeas:** 5 - Boquist, Burdick, Findley, Riley, Wagner**Fiscal:** Has minimal fiscal impact**Revenue:** Revenue impact issued**Prepared By:** Jaime McGovern, Economist**Meeting Dates:** 6/11, 6/14**WHAT THE MEASURE DOES:**

Extends sunset on solar program allowing payment in lieu of property tax (PiLT) to January 2, 2028. Provides that agreement between county and owner or person in possession or control of solar project must indicate property tax treatment of land on which solar project is located and set rate of fee within range of \$5,500 to \$7,000 per megawatt of nameplate capacity. Aligns PiLT payments with taxing districts in code area. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Solar energy in Oregon.
- Rural development.
- Employment in rural areas of the state.
- Clean energy.
- Cost of solar technology

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Currently, the governing body of a county may enter into an agreement to exempt property taxes on solar property where the solar property owner pays a payment in lieu of the tax at the set amount of \$7,000 per megawatt based on nameplate capacity. This rate is fixed throughout the term of the negotiated contract, not longer than twenty years. Generally, locally assessed real property increases at 3% per year, and personal property depreciates. Currently, the Department of Revenue estimates that there are more than 30 participating solar projects, and that the reduction of the amount of taxable property to be approximately \$200 million. The total amount of PiLT payments received for 2020-21 were \$1.9 million. The Department of Revenue estimates the loss in the 2021 biennium to be \$14.7 million with an additional \$2.7 million shift to other taxpayers.