



Sometimes the best intentions don't turn out as anticipated



In 2011, the Oregon Department of Energy introduced the Energy Incentives Program that gave transit agencies an opportunity to earn tax credits for qualifying operating costs.

Through the program, Cherriots earned some \$6 million in credits.

Monetizing those credits proved difficult because of prescribed pass-through rates. Cherriots was stuck with unpurchased credits.

Before the program ended in 2015, ODOE issued tax certificates to Cherriots *"in the hope that they provide value if a legislative or legal solution is found in the future."*

Occasionally, a disappointment can turn into a win-win



In 2016, Cherriots registered with the Department of Environmental Quality to participate in the new Clean Fuels Program as a credit generator. The program's purpose is reduce the average carbon intensity of transportation fuels.

Credits issued under the program are not tax credits. They only can be used to comply with a fossil fuel importer's environmental compliance obligations.

Since the program's beginning, Cherriots has generated 1,655 credits, based on its use of CNG fuel in its buses. Credits have ranged in value from \$84 to \$127 when they are monetized.

This is one of those times – and the winner will be the environment



Now, Cherriots is asking the legislature to convert the \$6 million in Energy Incentives Program credits into Clean Fuels Program credits.

This exchange will not give fuel importers tax credits, but will allow Cherriots to monetize the credits it previously earned.

Cherriots has agreed to use some of the converted credits to add to its fleet of electric buses to serve the heavily used corridor that connects with Chemeketa CC .

This one-time conversion is limited to transit agencies with EIP tax certificates and registered as CFP credit generators.

House Bill 3056

Sponsored by JOINT COMMITTEE ON TRANSPORTATION (at the request of Representative Susan McLain, Senator Lee Beyer)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Directs Department of Environmental Quality to issue clean fuels program credits to qualified credit generator that are equal to the value of unused transportation project tax credits.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1 Relating to clean fuels program credits; and prescribing an effective date.

2 **Be It Enacted by the People of the State of Oregon:**

3 **SECTION 1.** (1) As used in this section, “clean fuels program” and “credit generator”
4 have the meanings given those terms in ORS 468A.265.

5 (2) The Department of Environmental Quality shall issue clean fuels program credits to
6 a credit generator based on the dollar amount of any unused tax credit allowable to the
7 credit generator under ORS 315.336. To claim clean fuels program credits under this section
8 a credit generator must:
9

10 (a) Be a public transit operator that serves two or more Oregon counties;

11 (b) Have been approved as a credit generator by the department prior to January 1, 2020;
12 and

13 (c) On or before December 1, 2021, request that the department issue the clean fuels
14 program credits.

15 (3) The number of credits issued to a credit generator under this section must be calcu-
16 lated by dividing the dollar amount of the unused tax credit by the most recent value-
17 weighted average price of clean fuels program credits calculated by the department under
18 ORS 468A.271.

19 (4) The department shall issue clean fuels program credits requested under this section
20 no later than January 1, 2022.

21 (5) A tax credit used to request clean fuels program credits under this section may not
22 thereafter be used as a tax credit in any tax year.

23 **SECTION 2.** Section 1 of this 2021 Act is repealed on January 2, 2022.

24 **SECTION 3.** This 2021 Act takes effect on the 91st day after the date on which the 2021
25 regular session of the Eighty-first Legislative Assembly adjourns sine die.
26



ODOE – EIC Program	Amount of credits
2012	\$3,746,573
2013	\$2,181,611
Total	\$5,928,184



OR Clean Fuels Program	Amount of credits
2016	201
2017	592
2018 (thru Sept)	862
Total	1,655



Credits subject to conversion