

February 22, 2021

Testimony in Opposition to SB 151

Chair Golden, Vice-Chair Heard, and Members of the Committee,

My name is Daniel Hauser, tax policy analyst for the Oregon Center for Public Policy, and I respectfully submit this testimony in opposition to SB 151, legislation that would renew the expiring bovine manure tax credit.

Evidence on the value and return on investment for this tax credit is hard to find. The tax credit would cost Oregon scarce revenue that could pay for important investments in our communities, in order to subsidize a handful of large agricultural operations.

While the current expected cost is closer to \$5.5 million in a full budget period, this tax credit is capped at \$5 million for a single calendar year. This is a costly subsidy flowing to just a handful of large projects. In 2019, 75 percent of the tax benefit went to a single business. The four largest recipients of these credits claimed 86 percent of the benefit over the last five years.

The challenge with many tax credits is the “but for” test. But for this tax subsidy, would bovine manure still be converted into biofuels? Is Oregon simply subsidizing commercial activity that would happen anyway?

While more research needs to be done, the Legislative Revenue Office’s tax credit report found the strongest evidence of an incentive for anaerobic digesters were around having a carbon offset market. The report included little evidence that tax credits are a driver of investment in this technology.

Certainly, the burden of proof on the efficacy of this tax subsidy must be on its proponents. That proof must be clear and compelling — not just self-serving statements by those who would benefit from it.

While there is no clear evidence that this tax credit causes new investment in bovine manure conversion, it is beyond question that many Oregonians across our state are suffering from the effects of the pandemic, recession, and wildfires. It’s time for Oregon to stop handing out millions of taxpayer dollars to a handful of large agricultural operations through this tax credit. Let this tax credit sunset and instead use those resources to invest in all Oregonians.

I urge you to oppose SB 151. Let the bovine manure tax credit sunset.