

Senate Bill 1519 STAFF MEASURE SUMMARY

Senate Energy and Environment Committee

Prepared By: Beth Reiley, Analyst

WHAT THE MEASURE DOES: Grants property tax exemption for proportion of community solar project that is owned by residential customers or leased by residential subscribers beginning on the tax year July 1, 2022. Stipulates that exemption is eligible to be claimed when the electrical inspection for the project is completed and approved. Requires community solar project manager to file statement including proportion that exemption is claimed with Department of Revenue. Extends property tax exemption for alternative energy systems, which would include residential portion of community solar projects, until tax years beginning July 1, 2029. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT: -1 Amendment: Clarifies that “Residential subscriber” means either a subscriber who is an individual owner or tenant of residential housing; or the owner of a residential building that subscribes on behalf of tenants residing in units of low-income housing in the building.

BACKGROUND: Community solar is a distributed solar energy deployment model that allows customers to buy or lease part of a larger, off-site shared solar photovoltaic (PV) system and receive benefits of their participation. According to the National Renewable Energy Laboratory, 21 states and Washington, DC have passed some form of legislation enabling community solar, either through state-required programs or the authorization of a limited number of pilot projects. Oregon established a community solar program with the passage of Senate Bill 1547 in 2016.

ORS 307.175 exempts an alternative energy system from ad valorem property taxation if the system is a net metering facility (defined in ORS 757.300) or primarily designed to offset onsite electricity use. Alternative energy system is defined as property consisting of solar, geothermal, wind, water, fuel cell or methane gas energy systems for the purpose of heating, cooling or generating electricity. The exemption is scheduled to sunset on July 1, 2023.

Senate Bill 1519 would establish that the residential portion of a community solar project is eligible to claim the alternative energy system property tax exemption and extends the sunset to July 1, 2029.