

SB 1519 A STAFF MEASURE SUMMARY

Senate Committee On Energy and Environment

Action Date: 02/07/22

Action: Do pass with amendments. Refer to Finance and Revenue by prior reference. (Printed A-Eng).

Vote: 3-0-2-0

Yeas: 3 - Dembrow, Findley, Lieber

Exc: 2 - Lawrence Spence, Robinson

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 2/2, 2/7

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 for which 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:

- Original intent of the community solar program
- Consistency with residential onsite solar photovoltaic systems
- Financing community solar projects

EFFECT OF AMENDMENT:

Clarifies definition of “residential subscriber.”

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 system and receive benefits for 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.

The alternative energy system property tax exemption (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. An 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 A 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.