

Senate Bill 1519

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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**.

Grants property tax exemption for proportion of community solar project that is owned by residential customers or leased by residential subscribers.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to property tax exemption for community solar projects; creating new provisions; amending
3 ORS 307.175 and 757.386 and section 4, chapter 656, Oregon Laws 2011; and prescribing an ef-
4 fective date.

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

6 **SECTION 1.** ORS 307.175 is amended to read:

7 307.175. (1) As used in this section[,]:

8 (a) "Alternative energy system" means property consisting of solar, geothermal, wind, water,
9 fuel cell or methane gas energy systems for the purpose of heating, cooling or generating electricity.

10 (b) "Community solar project" has the meaning given that term in ORS 757.386.

11 (c) "Residential" means that a dwelling is the occupant's principal place of residence.

12 (d) "Residential subscriber" means:

13 (A) A subscriber who is an individual owner or tenant of residential housing; and

14 (B) The owner of a residential building that subscribes on behalf of tenants residing in
15 units of low-income housing in the building.

16 (2) [*An alternative energy system*] **The following property** is exempt from ad valorem property
17 taxation [*if the system is*]:

18 (a) **An alternative energy system that is:**

19 [(a)] (A) A net metering facility, as defined in ORS 757.300; or

20 [(b)] (B) Primarily designed to offset onsite electricity use.

21 (b) **The proportion of a community solar project that is owned by residential customers**
22 **or leased by residential subscribers.**

23 (3) Notwithstanding ORS 307.110 and 308.505 to 308.674, any portion of the real property to
24 which an alternative energy system is affixed is exempt under this section if:

25 (a) The real property is otherwise exempt from ad valorem property taxation; and

26 (b) The alternative energy system is exempt under this section.

27 (4) Property equipped with an alternative energy system is exempt from ad valorem property
28 taxation in an amount that equals any positive amount obtained by subtracting the real market
29 value of the property as if it were not equipped with an alternative energy system from the real
30 market value of the property as equipped with the alternative energy system.

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 **(5) A community solar project is eligible to claim the exemption granted under this sec-**
 2 **tion beginning on the date on which the electrical inspection for the project is completed and**
 3 **approved.**

4 **(6) The proportion of a community solar project that is owned by residential customers**
 5 **or leased by residential subscribers shall be the percentage of the nameplate capacity of the**
 6 **project that is allocated to such ownership or subscription as of January 1 at 1:00 a.m. of the**
 7 **assessment year.**

8 **(7)(a) The project manager of a community solar project seeking exemption under this**
 9 **section must file with the Department of Revenue, on or before March 15 preceding the**
 10 **property tax year for which the exemption is claimed, the proportion determined in accord-**
 11 **ance with subsection (6) of this section. The proportion may be included with the statement**
 12 **required under ORS 308.524.**

13 **(b) Notwithstanding paragraph (a) of this subsection, the proportion may be filed with the**
 14 **department after March 15 and on or before May 1 of the assessment year if accompanied**
 15 **by a late filing fee of \$200. The late filing fee is in addition to and not in lieu of any other**
 16 **filing fees or penalties applicable to the taxation of the community solar project.**

17 **(8) A community solar project that is granted exemption under this section may not be**
 18 **granted any other exemption from ad valorem property taxes for the same property tax year.**

19 **SECTION 2.** Section 4, chapter 656, Oregon Laws 2011, as amended by section 28, chapter 193,
 20 Oregon Laws 2013, and section 1, chapter 542, Oregon Laws 2017, is amended to read:

21 **Sec. 4.** (1) The amendments to ORS 307.175 by section 3, chapter 656, Oregon Laws 2011, apply
 22 to **property** tax years beginning on or after July 1, 2011.

23 **(2) The amendments to ORS 307.175 by section 1 of this 2022 Act apply to property tax**
 24 **years beginning on or after July 1, 2022.**

25 [(2)] **(3) An exemption under ORS 307.175 may not be allowed for property tax years beginning**
 26 **after July 1, [2023] 2029.**

27 **SECTION 3.** ORS 757.386 is amended to read:

28 757.386. (1) For purposes of this section:

29 (a) "Community solar project" means one or more solar photovoltaic energy systems that pro-
 30 vide owners and subscribers the opportunity to share the costs and benefits associated with the
 31 generation of electricity by the solar photovoltaic energy systems.

32 (b) "Electric company" has the meaning given that term in ORS 757.600.

33 (c) "Owner" means a customer of an electric company who has proportionate ownership of part
 34 of a community solar project, such as direct ownership of one or more solar panels or shared own-
 35 ership of the infrastructure of the community solar project.

36 (d) "Project manager" means the entity identified as having responsibility for managing the op-
 37 eration of a community solar project and, if applicable, for maintaining contact with the electric
 38 company that procures electricity from the community solar project. A project manager may be:

39 (A) An electric company; or

40 (B) An independent third party.

41 (e) "Solar photovoltaic energy system" means equipment and devices that have the primary
 42 purpose of collecting solar energy and generating electricity by photovoltaic effect.

43 (f) "Subscriber" means a customer of an electric company who proportionately leases part of a
 44 community solar project for a minimum of 10 years.

45 (2)(a) The Public Utility Commission shall establish by rule a program for the procurement of

1 electricity from community solar projects. As part of the program, the commission shall:

2 (A) Adopt rules prescribing what qualifies a community solar project to participate in the pro-
3 gram;

4 (B) Certify qualified community solar projects for participation in the program;

5 (C) Prescribe the form and manner by which project managers may apply for certification under
6 the program; and

7 (D) Require, by rule or order, electric companies to enter into a 20-year power purchase agree-
8 ment with a certified community solar project.

9 (b) The commission shall adopt rules under paragraph (a)(A) of this subsection that, at a mini-
10 mum:

11 (A) Incentivize consumers of electricity to be owners or subscribers;

12 (B) Minimize the shifting of costs from the program to ratepayers who do not own or subscribe
13 to a community solar project;

14 (C) Where an electric company is the project manager, protect owners and subscribers from
15 undue financial hardship; and

16 (D) Protect the public interest.

17 (c) The commission may suspend the program adopted under this subsection if the commission
18 has good cause to suspend the program.

19 (3) A community solar project:

20 (a) Must have at least one solar photovoltaic energy system with a minimum generating capacity
21 of 25 kilowatts;

22 (b) Must be located in this state; and

23 (c) May be located anywhere in this state.

24 (4) A project manager may offer ownership in or subscriptions to a community solar project only
25 to consumers of electricity that are located:

26 (a) In this state; and

27 (b) In the service territory of an electric company.

28 (5)(a) A project manager may offer proportional ownership in or proportional subscriptions to
29 a community solar project in any amount that does not exceed a potential owner's or potential
30 subscriber's average annual consumption of electricity.

31 (b) Any value associated with the generation of electricity in excess of an offer to own or sub-
32 scribe to a community solar project as limited by paragraph (a) of this subsection must be used by
33 the electric company procuring electricity from the community solar project in support of low-
34 income residential customers of the electric company.

35 (6)(a) Except as provided in paragraph (b) of this subsection, an electric company shall credit
36 an owner's or subscriber's electric bill for the amount of electricity generated by a community solar
37 project for the owner or subscriber in a manner that reflects the resource value of solar energy.
38 For purposes of this paragraph, the commission shall determine the resource value of solar energy.

39 (b) The commission may adopt a rate for an electric company to use in crediting an owner's or
40 subscriber's electric bill other than the rate described in paragraph (a) of this subsection if the
41 commission has good cause to adopt the different rate.

42 (7)(a) Except as otherwise provided in this section, owners and subscribers shall bear the costs
43 and benefits of constructing and operating a community solar project.

44 (b) Costs incurred by an electric company under the terms of a power purchase agreement en-
45 tered into pursuant to subsection (2)(a)(D) of this section are recoverable in the rates of the electric

1 company. Moneys collected pursuant to imposing those rates, under the terms of a power purchase
2 agreement entered into pursuant to subsection (2)(a)(D) of this section, may be transferred to a
3 project manager for the purpose of operating a community solar project.

4 (c) All start-up costs prudently incurred during the development or modification of the program
5 established under this section are recoverable in the rates of an electric company.

6 (d) Owners and subscribers shall bear all ongoing costs incurred during the continued adminis-
7 tration of the program established under this section.

8 (8) Owners and subscribers own all renewable energy certificates established under ORS
9 469A.130 that are associated with the generation of electricity by a community solar project, in
10 proportion to the owner's proportional ownership in or the subscriber's proportional subscription to
11 the community solar project.

12 (9) As part of the program established under this section, the commission shall:

13 (a) Determine a methodology by which 10 percent of the total generating capacity of the com-
14 munity solar projects operated under the program will be made available for use by low-income
15 residential customers of electricity; and

16 (b) Periodically review and adjust the percentage described in paragraph (a) of this subsection.

17 **(10) A subscription described in this section shall be considered a lease for purposes of**
18 **ORS 307.092 and 307.112.**

19 **SECTION 4. The amendments to ORS 757.386 by section 3 of this 2022 Act apply to**
20 **property tax years beginning on or after July 1, 2022.**

21 **SECTION 5. This 2022 Act takes effect on the 91st day after the date on which the 2022**
22 **regular session of the Eighty-first Legislative Assembly adjourns sine die.**

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