

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 3418 - A**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

Prepared by: Haylee Morse-Miller

Reviewed by: April McDonald

Date: March 20, 2023

Measure Description:

Extends to January 2, 2029, sunset of program for provision of rebate for construction or installation of solar electric system or paired solar and storage system, for residential customer or low-income service provider, on real property in Oregon.

Government Unit(s) Affected:

Department of Energy

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Oregon Department of Energy		
General Fund		
Personal Services	\$341,879	\$455,840
Services and Supplies	\$205,142	\$246,689
Total General Fund	\$547,021	\$702,529
Total Fiscal Impact	\$547,021	\$702,529
<i>Total Positions</i>	3	3
<i>Total FTE</i>	1.88	2.50

Analysis:

HB 3418 - A changes the sunset date for the Oregon Solar and Storage Rebate Program in the Oregon Department of Energy (ODOE) from January 2, 2024, to January 2, 2029. Under this measure, ODOE is also permitted to waive the requirement that construction begin within 12 months of award due to delays resulting from the COVID-19 pandemic for renewable energy production system grants. This measure takes effect on January 1, 2024.

ODOE received a General Fund appropriation of \$15 million for the Oregon Solar and Storage Rebate Program in the 2021-23 biennium. The agency anticipates that all funds will be obligated by the end of the biennium, though not all payments will be disbursed until the 2023-25 biennium.

While this measure does extend the sunset date for the Oregon Solar and Storage Rebate Program, the measure does not include any additional funding to provide rebates. Were additional funding to be provided to carry this program forward into future biennia, ODOE would change three existing limited-duration positions that administer the program into permanent positions, including two full-time Public Service Representative 4s, and one part-time Business Operations Manager 2. Total costs for the 2023-25 biennium are estimated at \$547,021 General Fund, which includes \$341,879 for personal services and \$185,142 for position-related services and supplies (including \$170,016 for indirect costs); as well as \$20,000 for one-time rulemaking and software system reconfiguration costs.

The agency's services and supplies costs include indirect costs equivalent to 49.73% of personal services costs. This rate is negotiated biennially with federal partner agencies and costs included here reflect the indirect rate for the 2021-23 biennium, not the rate for the 2023-25 biennium. Costs of this measure could change based on the agency's actual indirect rate for next biennium.

The Legislative Fiscal Office (LFO) notes that this fiscal impact statement reflects the costs of the positions only from the effective date of the measure (January 1, 2024). However, because these positions are limited duration, they have been phased out of the agency's 2023-25 budget. Policy Option Package 202 is included in the 2023-25 Governor's Budget for ODOE and provides the funding and position authority for these positions for the first six months of the biennium. LFO also notes that there are minimal costs related to this measure if no additional funding is provided for rebates after existing program funding is exhausted.

Because this measure extends the Oregon Solar and Storage Rebate Program without identifying a source of revenue to pay for rebates, a referral to the Joint Committee on Ways and Means may be warranted if additional General Fund resources and position authority will be needed for continuation of the program.