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Community Renewable Energy Association: *an intergovernmental entity representing local governments and developers of renewable energy facilities in Oregon since 2007.*

Joint Committee on Tax Expenditures

June 1, 2023

Testimony to Support the Community Solar Tax Exemption

Co-Chair Meek, Co-Chair Nathanson, Vice-Chair Boquist, Vice-Chair Reschke, Vice-Chair Walters and Members of the committee:

CREA is pleased to see the expansion of the property tax exemption for community solar projects included in Sections 9-10 of the -1 amendment to HB 2080. The change would extend the property tax exemption to commercial community solar projects first granted exemption for property tax year beginning on or after July 1, 2024.

Oregon's Community Solar Program, created in 2016 by SB 1547, was created to expand solar access to retail electric customers who are unable to net meter for such reasons as inadequate roofs, lease restrictions, ineligibility for the federal Investment Tax Credit, and high up-front costs. Oregon is one of many states that have adopted similar programs. However, Oregon's Community Solar Program has been falling far short of expected participation. Due in part to unprecedented inflation and interest rates, Oregon Community Solar Projects are not economic to build or operate.

During the 2022 session the legislature passed SB 1519, which granted exemption for property tax to Community Solar systems owned or leased by residential customers, but

not systems owned or leased by non-residential customers. The well-intended bill did not go far enough: only three projects totaling 0.53 MW have been completed since SB 1519 took effect; during the same time more than 20 MW have been delayed or canceled. This proposed change would refine the program by adding non-residential Community Solar systems to the ORS 307.175 list of tax-exempted energy properties. Non-residential Community Solar participants (who bring stability and credit worthiness to a Community Solar Project) are necessary for program success and deserving of property tax exemption as equal to net metering. These entities include Indian tribes, small businesses, and government entities--some encouraged or mandated to reduce greenhouse gas emissions. If Oregon wants Community Solar to succeed, these customers need to have financially viable Community Solar projects in which to subscribe. In many cases, the exemption is the difference between a viable and a non-viable project, and only way the program could meet its original intent.

CREA is supportive of the development of Community Solar Projects within the state. We are concerned, however, that without prompt legislative action, most of the Community Solar Projects will not go forward. It is very important that Oregon take steps necessary for the Community Solar program to actually succeed. Please include this community solar tax exemption in HB 2080 and pass it out of committee. We appreciate your consideration.