



Legislative Fiscal Office
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Prepared by: Twais Broadus
Reviewed by: Katie Bannikov, Ben Ruef, Emily Coates, Matt Stayner, April McDonald
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Bill Title: Relating to heat pump programs.

Government Unit(s) Affected: Department of Consumer and Business Services, Oregon Health Authority, Department of Energy, Public Utility Commission, Bureau of Labor and Industries, Department of Environmental Quality

Summary of Fiscal Impact

There is minimal fiscal impact for the Oregon Department of Energy - see explanatory analysis.

Measure Description

The measure modifies the Heat Pump Deployment Program administered by the Oregon Department of Energy (ODOE) by revising eligibility criteria, funding distribution, and rebate structures. The measure authorizes ODOE to establish an allowable percentage by rule for administrative expenses and marketing costs for eligible entities, removing the existing statutory cap of 15%.

The measure allows ODOE to provide additional incentives of up to \$1,000 for contractors installing heat pumps in rural or frontier communities, limiting to no more than 5% of available funds. Of available funds, 25% must be reserved for affordable housing providers, and another 25% for owners of units occupied by low- or moderate-income households. Additionally, the measure extends the heat pump rebate and grant programs from January 2, 2026, to January 2, 2032, and transfers any unspent or unobligated funds to the General Fund upon the program's repeal. The measure also allows ODOE to award additional grant funds to prior recipients using existing performance agreements if more funds become available in the Heat Pump Deployment Fund.

ODOE is required to submit a report to the Legislative Assembly by November 30 of each even-numbered year, detailing the distribution and impact of heat pump grants and rebates. The reporting requirement is repealed on January 2, 2032.

Fiscal Analysis

The primary impact is the requirement for ODOE to conduct rulemaking to implement changes to eligibility criteria and funding allocations within the Heat Pump Deployment Program. However, since most available program funds are already reserved, ODOE may delay rulemaking unless additional funding is appropriated.

While the measure expands grant eligibility and allows incentives for heat pump installations in rural and frontier areas, no additional funding is provided. If additional funds become available, ODOE may amend existing performance agreements to extend coverage based on the current regional allocation formula. However, if entities chose not to extend existing performance agreements, then ODOE would open a new opportunity announcement. Additionally, if funds were appropriated for the program, staffing would be required as all previously dedicated staff for the program were limited duration and are not included in ODOE's current service level budget.

Other entities

The measure is anticipated to have no or minimal impact for the Department of Consumer and Business Services, Oregon Health Authority, Public Utility Commission, Bureau of Labor and Industries, and Department of Environmental Quality.

Relevant Dates

The measure extends the sunset date for the heat pump rebate and grant programs from January 2, 2026, to January 2, 2032.

The requirement to submit a biennial report on heat pump grants and rebates to the Legislative Assembly is repealed on January 2, 2032.

The measure takes effect on January 1, 2026.