

Senate Bill 927

Sponsored by Senator SMITH DB

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**. The statement includes a measure digest written in compliance with applicable readability standards.

Digest: Creates a tax credit for the amount paid for transmission services for solar or wind power or power storage. (Flesch Readability Score: 62.8).

Creates an income or corporate excise tax credit for the amount paid by an owner of an eligible generation facility for transmission services. Directs that the amount paid, for purposes of the tax credit, shall be calculated as the sum of amounts paid by the owner to the Bonneville Power Administration or an electric utility for up to 600 megawatts of the eligible generation facility's nameplate capacity and to other parties.

Applies to tax years beginning on or after January 1, 2026, and to eligible generation facilities first placed in service on or after January 1, 2026, and before January 1, 2032.

Takes effect on the 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to renewable energy; creating new provisions; amending ORS 314.772 and 318.031; and
3 prescribing an effective date.

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

5 **SECTION 1. Sections 2 and 3 of this 2025 Act are added to and made a part of ORS**
6 **chapter 315.**

7 **SECTION 2. As used in this section and section 3 of this 2025 Act:**

8 (1) **"Electric utility" has the meaning given that term in ORS 757.600.**

9 (2) **"Eligible generation facility" means a facility that:**

10 (a)(A) **Generates only nonemitting electricity derived from solar or wind energy; or**

11 **(B) Provides energy storage; and**

12 **(b) Is:**

13 **(A) Owned in whole by a person or persons that are not an electric utility, an electric**
14 **utility holding company, an affiliated interest or any combination thereof;**

15 **(B) Sited in Oregon;**

16 **(C) First placed in service on or after January 1, 2026; and**

17 **(D) Covered by an interconnection agreement, entered into on or after January 1, 2025,**
18 **with:**

19 **(i) The Bonneville Power Administration; or**

20 **(ii) An electric utility.**

21 **(3) "Interconnection agreement" means a contract, between an owner or operator of a**
22 **transmission or distribution system and a person that owns an eligible generation facility,**
23 **that governs the interconnection of an eligible generation facility to a transmission or dis-**
24 **tribution system.**

25 **(4) "Nonemitting electricity" has the meaning given that term in ORS 469A.400.**

26 **(5) "Placed in service" means the date on which an eligible generation facility is ready**

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 and available to generate nonemitting electricity or provide energy storage.

2 **SECTION 3.** (1) A credit against taxes that are otherwise due under ORS chapter 316 or,
3 if the taxpayer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that
4 owns an eligible generation facility during the tax year.

5 (2) The credit under this section shall, except as provided in subsection (3) of this section,
6 equal the amount paid during the tax year by the owner of an eligible generation facility for
7 transmission services, calculated as the sum of the amounts paid by the owner of the eligible
8 generation facility to:

9 (a) The Bonneville Power Administration or, to an electric utility, for transmission ser-
10 vices for up to 600 megawatts of the eligible generation facility's nameplate capacity; and

11 (b) Parties not described in paragraph (a) of this subsection.

12 (3) The credit allowed under this section may not exceed:

13 (a) For the tax year in which the eligible generation facility is first placed in service, and
14 for each of the four subsequent consecutive tax years, the tax liability of the taxpayer for
15 the tax year; and

16 (b) For each of the 15 consecutive tax years following the final year described in para-
17 graph (a) of this subsection, 75 percent of the tax liability of the taxpayer for the tax year.

18 (4) Prior to claiming the credit allowed under this section, a taxpayer is required to re-
19 ceive written certification from the State Department of Energy that the taxpayer is the
20 owner of an eligible generation facility.

21 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer
22 in a particular tax year may be carried forward and offset against the taxpayer's tax liability
23 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax
24 year may be carried forward and used in the second succeeding tax year, and likewise any
25 credit not used in that second succeeding tax year may be carried forward and used in the
26 third succeeding tax year but may not be carried forward for any tax year thereafter.

27 (6) If a change in the tax year of the taxpayer occurs as described in ORS 314.085, or if
28 the Department of Revenue terminates the taxpayer's tax year under ORS 314.440, the credit
29 allowed under this section shall be prorated or computed in a manner consistent with ORS
30 314.085.

31 (7) The Department of Revenue shall adopt rules for the purposes of this section, in-
32 cluding policies and procedures for verifying taxpayer eligibility for the credit allowed under
33 this section.

34 (8) The State Department of Energy shall provide information to the Department of Re-
35 venue about all taxpayers that are eligible for a tax credit under this section, if required by
36 ORS 315.058.

37 **SECTION 4.** ORS 314.772 is amended to read:

38 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a
39 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The
40 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are
41 allowable to the shareholders of the S corporation.

42 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on
43 income of the shareholder of an S corporation, there shall be taken into account the shareholder's
44 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but
45 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-

1 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the
2 manner prescribed under section 1377(a) of the Internal Revenue Code.

3 (3) The character of any item included in a shareholder's pro rata share under subsection (2)
4 of this section shall be determined as if such item were realized directly from the source from which
5 realized by the corporation, or incurred in the same manner as incurred by the corporation.

6 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax
7 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS
8 316.117, then that provision shall apply to the nonresident shareholder.

9 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104
10 (forestation and reforestation), ORS 315.124 (small forest option), ORS 315.133 (agricultural overtime
11 pay), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141 (biomass production for
12 biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture workforce housing), ORS
13 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS 315.208 (dependent care fa-
14 cilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee and dependent scholar-
15 ships), ORS 315.271 (individual development accounts), ORS 315.283 (affordable housing sales), ORS
16 315.304 (pollution control facility), ORS 315.326 (renewable energy development contributions), ORS
17 315.331 (energy conservation projects), ORS 315.336 (transportation projects), ORS 315.341
18 (renewable energy resource equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy
19 conservation facilities), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation
20 partnership zones), ORS 315.507 (electronic commerce), ORS 315.514 (film production development
21 contributions), ORS 315.518 (semiconductors), ORS 315.523 (employee training programs), ORS
22 315.533 (low income community jobs initiative), ORS 315.593 (short line railroads), ORS 315.640
23 (university venture development funds), ORS 315.643 (Opportunity Grant Fund contributions), ORS
24 315.675 (Trust for Cultural Development Account contributions), ORS 317.097 (loans for affordable
25 housing), ORS 317.124 (long term enterprise zone facilities), ORS 317.147 (loans for agriculture
26 workforce housing), ORS 317.152 (qualified research expenses) and ORS 317.154 (alternative qualified
27 research expenses) and section 9, chapter 774, Oregon Laws 2013 (alternative fuel vehicle contribu-
28 tions), **and section 3 of this 2025 Act (eligible generation facilities).**

29 **SECTION 5.** ORS 318.031 is amended to read:

30 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter
31 317 shall be administered as uniformly as possible (allowance being made for the difference in im-
32 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-
33 corporated into and made a part of this chapter: ORS 315.104, 315.124, 315.133, 315.141, 315.156,
34 315.176, 315.204, 315.208, 315.213, 315.283, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523,
35 315.533, 315.593 and 315.643 **and section 3 of this 2025 Act** (all only to the extent applicable to a
36 corporation) and ORS chapter 317.

37 **SECTION 6.** **Section 3 of this 2025 Act applies:**

38 (1) **Notwithstanding ORS 315.037, to all tax years beginning on or after January 1, 2026;**
39 **and**

40 (2) **To eligible generation facilities first placed in service on or after January 1, 2026, and**
41 **before January 1, 2032.**

42 **SECTION 7.** **This 2025 Act takes effect on the 91st day after the date on which the 2025**
43 **regular session of the Eighty-third Legislative Assembly adjourns sine die.**