

A-Engrossed Senate Bill 927

Ordered by the Senate June 2
Including Senate Amendments dated June 2

Sponsored by Senators SMITH DB, MEEK

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. 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.

Requires a taxpayer to first receive a final written certification from the State Department of Energy to claim the tax credit. Allows a taxpayer to apply for a preliminary certification of an eligible generation facility prior to, during or after construction of the facility.

Applies to **all** 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

Relating to renewable energy; creating new provisions; and amending ORS 314.772 and 318.031.

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

SECTION 1. Sections 2 to 7 of this 2025 Act are added to and made a part of ORS chapter 315.

SECTION 2. As used in sections 2 to 7 of this 2025 Act:

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

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

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

(B) Provides energy storage; and

(b) Is:

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

(B) Sited in Oregon; and

(C) First placed in service on or after January 1, 2026.

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

(4) "Placed in service" means the date on which an eligible generation facility is ready and available to generate nonemitting electricity or provide energy storage.

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

(2) The credit under this section shall, except as provided in subsection (3) of this section,

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 equal the amount paid during the tax year by the owner of an eligible generation facility for
2 transmission services, calculated as the sum of the amounts paid by the owner of the eligible
3 generation facility to:

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

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

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

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

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

13 (4) To claim a credit allowed under this section, a taxpayer is required to first receive a
14 final written certification from the State Department of Energy under section 5 of this 2025
15 Act.

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

25 (6) The Department of Revenue may by rule require that the State Department of Energy
26 provide information about a preliminary certification issued under section 4 of this 2025 Act,
27 including the name and taxpayer identification number of the taxpayer or other person re-
28 ceiving certification, the date the certification was issued in its final form, the approved
29 amount of credit and the first tax year for which the credit may be claimed.

30 (7) The Department of Revenue shall prescribe by rule the manner and the timing of
31 submission of the information described in subsection (6) of this section to the department.

32 (8) The credit shall be claimed on a form prescribed by the Department of Revenue that
33 contains the information required by the department.

34 (9) In the case of a credit allowed under this section:

35 (a) A nonresident shall be allowed the credit under this section in the proportion provided
36 in ORS 316.117.

37 (b) If a change in the status of a taxpayer from resident to nonresident or from nonres-
38 ident to resident occurs, the credit allowed by this section shall be determined in a manner
39 consistent with ORS 316.117.

40 (c) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or
41 if the Department of Revenue terminates a taxpayer's taxable year under ORS 314.440, the
42 credit allowed under this section shall be prorated or computed in a manner consistent with
43 ORS 314.085.

44 (10) The Director of the State Department of Energy may order the suspension or revo-
45 cation of a certification issued under section 4 or 5 of this 2025 Act, as provided in ORS

1 315.061.

2 **SECTION 4.** (1) A taxpayer may apply to the State Department of Energy for a prelimi-
3 nary certification of an eligible generation facility and may apply prior to, during or after
4 construction of the facility. A taxpayer must apply in the manner prescribed by rules adopted
5 under this section. The rules must include:

6 (a) A description of the information required by the department to determine that the
7 taxpayer qualifies for the tax credit allowed under section 3 of this 2025 Act;

8 (b) Criteria for determining the amount of the tax credit allowed under section 3 of this
9 2025 Act, including standards for what constitutes completion of an eligible generation facil-
10 ity;

11 (c) The process by which an applicant will be notified of an incomplete application and
12 the time allowed for the applicant to provide the missing information; and

13 (d) The month and date by which the department must notify an applicant of the pre-
14 liminary certification decision and the potential amount of the tax credit for which the ap-
15 plicant has received preliminary certification.

16 (2) If the department must allocate tax credits to a group of taxpayers in an amount that
17 is less than the amount the taxpayers would otherwise receive under section 3 of this 2025
18 Act, the department shall divide the available tax credits among the group proportionally,
19 based on the amount each taxpayer would have otherwise received under section 3 of this
20 2025 Act.

21 **SECTION 5.** (1) A taxpayer may apply to the State Department of Energy for final cer-
22 tification of an eligible generation facility if:

23 (a) The taxpayer received preliminary certification for the facility under section 4 of this
24 2025 Act; and

25 (b) The facility is complete.

26 (2) After approving the application, the department shall certify the facility, including the
27 amount of the tax credit for which the taxpayer has received final certification. The depart-
28 ment may not certify an amount that is more than the amount approved in the preliminary
29 certification for the facility.

30 (3) The department may establish by rule a process for accepting applications and issuing
31 final certifications under this section.

32 **SECTION 6.** (1) The State Department of Energy may charge and collect a fee from tax-
33 payers for preliminary or final certification of an eligible generation facility under sections
34 4 and 5 of this 2025 Act. The fee may not exceed the cost to the department of issuing cer-
35 tifications.

36 (2) All fees collected under this section shall be deposited in the State Treasury and
37 credited to the department. Moneys deposited under this section are continuously appropri-
38 ated to the department for the purpose of administering and enforcing the provisions of
39 sections 2 to 8 of this 2025 Act.

40 **SECTION 7.** The total amount of potential tax credits allowed under section 3 of this 2025
41 Act at the time of preliminary certification under section 4 of this 2025 Act may not exceed
42 \$_____ million for any biennium.

43 **SECTION 8.** ORS 314.772 is amended to read:

44 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a
45 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The

business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are allowable to the shareholders of the S corporation.

(2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on income of the shareholder of an S corporation, there shall be taken into account the shareholder's pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), recapture or recovery shall be passed through to shareholders in pro rata shares as determined in the manner prescribed under section 1377(a) of the Internal Revenue Code.

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

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

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

SECTION 9. ORS 318.031 is amended to read:

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

SECTION 10. Sections 2 to 7 of this 2025 Act apply to all tax years beginning on or after January 1, 2026.