

**76TH OREGON LEGISLATIVE ASSEMBLY
2012 Regular Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 4079 B
CARRIER: Rep. Bailey**

**REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact**

Action: Do Pass as Amended and be Printed Engrossed
Vote: 8-0-0
Yeas: Bailey, Bentz, Brewer, Gelser, Read, Wand, Barnhart, Berger
Nays: 0
Exc.: 0

Prepared By: Chris Allanach, Economist
Meeting Dates: 2/13, 2/17

WHAT THE BILL DOES: Clarifies provisions governing renewable energy tax credits, including the use of term "award," confirming that partial credit and partial appropriation are allowed, allowing the credit auction to occur no later than April 15 following the end of the tax year, making them non-revocable once they have been sold. Clarifies provisions governing the transportation credit, including how it is claimed over five years, the definition of a "transportation project", direction on how the Department of Energy is to manage the credit cap. Makes technical clarification to the Residential Energy Tax credit such as allowing third-party installers to "reserve" tax credits and codifies existing administrative rule. Limits the biomass credit to one tax credit per unit of biomass and removes the program cap. Clarifies the expiration date of pre-certifications under the old Business Energy Tax Credit program. Makes general clarifications that the required information on number and type of jobs pertains to direct jobs only. Conforms language pertaining to transferees within the manufacturing tax credit program. Clarifies the pass-thru rate can be set at the time of pre-certification; provides limited disclosure of information for the renewable energy grant recipients. Adds biomass and energy tax credits to the law pertaining to the transparency website.

ISSUES DISCUSSED:

- The administration of these energy tax credits
- The technical nature of clarifications to existing tax law
- Credits added to the transparency website, elimination of the biomass cap
- How the transportation credit cap is to be managed
- Tax credit carryforwards

EFFECT OF COMMITTEE AMENDMENTS: Clarifies language on the April 15 deadline for the tax credit auction; states that once the renewable energy tax credits have been sold, they may not be revoked; clarifies the definition of "transportation project"; clarifies how the Department of Energy is to manage the cap on the transportation credit program; codifies that biomass credits may be claimed only once for each unit of biomass; clarifies the expiration date of pre-certifications under the Business Energy Tax Credit program; removes the cap on the biomass credit program; clarifies that the renewable energy grant information is posted on the transparency website rather than the tax credit purchasers funding the program; clarifies that the pass-thru rate can be set at

**State Capitol Building
900 Court St NE, Room 143
Salem, OR 97301-1347**

**Phone: 503-986-1266
Fax: 503-986-1770
<http://www.leg.state.or.us>**

the time of pre-certification; provides limited disclosure of information for the renewable energy grant recipients.

BACKGROUND: House Bills 2523 and 3672 from 2011 replaced the Business Energy Tax Credit (commonly known as the "BETC") program with four separate credits: a conservation credit, a renewables energy contribution credit, a transportation credit, and a manufacturing credit. House Bill 4079 would make technical clarifications to the energy tax credit programs, as well as the biomass tax credit.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4079 - B

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
Legislative Fiscal Office

Prepared by: John Terpening
Reviewed by: Michelle Deister, Steve Bender, Laurie Byerly
Date: 2-17-2012

Measure Description:

Modifies statutes governing energy-related income and excise tax credits.

Government Unit(s) Affected:

Department of Energy, Business Development Department (Business Oregon), Department of Revenue

Analysis:

The proposed legislation has been determined to have
MINIMAL EXPENDITURE IMPACT
on state or local government.

While this individual measure has a "Minimal" fiscal impact, an agency may incur a net fiscal impact greater than minimal depending on the cumulative impact of all measures enacted into law that affect the agency.

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Sixth Oregon Legislative
Assembly
2012 Regular Session
Legislative Revenue Office

Bill Number: HB 4079 B
Revenue Area: Income Taxes
Economist: Chris Allanach
Date: 2/17/2012

Measure Description: Makes a number of technical clarifications to several energy related tax credits. The affected tax credits are for renewable energy, transportation projects, conservation projects, renewable energy resource manufacturing, biomass, and residential energy. Adds these credits to the law requiring state agency administering the tax credits to submit a report to Oregon Department of Administrative Services (the transparency website).

Revenue Impact: None

Impact Explanation: This bill is a technical follow-up bill to HB 2523 and HB 3672. The former bill moved the administration of manufacturing Business Energy Tax Credit from the Department of Energy to the Business Development Department, while the latter was the tax credit omnibus bill from the 2011 Session. There is no revenue impact because the changes are of a technical nature. The current law revenue forecast (released on February 8, 2012) already contains the tax credit revenue impacts from HB 3672.

Creates, Extends, or Expands Tax Expenditure: Yes No