

# REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly

2007 Regular Session

Legislative Revenue Office

<b>Bill Number:</b>	HB 2210-B
<b>Revenue Area:</b>	Income
<b>Economist:</b>	Chris Allnach
<b>Date:</b>	6-19-2007 (revised)

## Measure Description:

Allows income and corporate excise tax credit for agricultural producers and collectors of biofuel raw materials (including forest or agriculture-sourced woody biomass, oil seed crops, grain crops, grass or wheat straw and animal rendering byproducts) used to produce fuel in Oregon. Specifies amount of credit per type of biomass. Allows income tax credit for consumers who purchase ethanol blended at 85 percent ethanol concentration and biodiesel blended at 99 percent biodiesel concentration for use in alternative fuel vehicles. Allows consumer tax credits for purchase of forest or agriculture waste or residue solid biofuel that contains 100 percent biomass (pellets) and biodiesel for home heating at 20 percent concentration of biodiesel. Sunsets the producer and consumer credits on January 1, 2013. Expands local property tax exemption for energy production facilities that produce ethanol, biofuel or verified fuel additives. Creates standards for biodiesel, ethanol and other renewable diesel to be monitored by Oregon Department of Agriculture. Requires Oregon Department of Agriculture to monitor biodiesel fuel production, and ethanol production capacity in Oregon to initiate minimum fuel blending requirements statewide for biodiesel and ethanol. Requires retail sellers of gasoline to sell only gasoline that contains at least 10 percent ethanol within three months after Oregon production of ethanol reaches 40 million gallons per year. Requires retail sellers of diesel to sell only diesel that contains at least two percent biodiesel within three months after production of biodiesel in the state, using feedstocks from Oregon, Washington and Idaho, reaches five million gallons annualized for at least three months. Requires retail sellers of diesel to sell only diesel that contains at least five percent biodiesel within three months after production of biodiesel in the state, using feedstocks from Oregon, Washington and Idaho, reaches 15 million gallons annualized for at least three months. Excludes diesel fuel sold for use by locomotives, marine engines or home heating from the biodiesel fuel content requirements. Restricts proportion of methyl tertiary butyl ether (MTBE) and other gasoline additives. Maintains exclusive farm use status for on-farm biofuel production facilities. Requires state-owned structures to use biofuel or direct-application electricity generated from biofuel, where diesel is currently used, for stationary or back-up generation. Required the Department of Energy to periodically conduct an impact study of the biofuels program.

## Revenue Impact:

(\$ Millions)	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
<b>State General Fund</b>	<b>-\$1.4</b>	<b>-\$2.9</b>	<b>-\$4.3*</b>	<b>-\$8.8</b>
<b>Local Government</b>	<b>\$0</b>	<b>-\$0.6</b>	<b>-\$0.6</b>	<b>-\$1.2</b>

## Impact Explanation:

The revenue impact\* on the General Fund is comprised of the producer credit (80%) and the consumer credit (20%). The revenue impact on local governments is due to the property tax exemption from businesses enrolled in the Rural Renewable Energy Development Zone program.

\* Assumes SB 814, which has passed both the Senate and House, becomes law. SB 814 disallows the producer credit for corn and delays the eligibility for wheat until 2009. If SB 814 does not become law, then the General Fund revenue impact for 2007-09 would be -\$4.4 million instead of -\$4.3 million.

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