

REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	HB 2211-B
Revenue Area:	Income
Economist:	Chris Allanach
Date:	2-9-2007

Measure Description:

Amends the Business Energy Tax Credit (BETC). Increases the amount of tax credit for renewable energy from 35 percent to 50 percent of eligible cost taken over five years. Provides a tax credit to homebuilders for installing renewable energy systems in homes and for designing and building high-performance low energy use homes. Allows use of the BETC and any federal energy tax credit for the same qualifying energy efficiency or renewable energy project. Provides that alternative fuels facilities, combined heat and power facilities, and renewable energy manufacturing facilities qualify for the 50 percent tax credit. Increases the size of hydro facility eligible for BETC from one megawatt to ten megawatts, provided the facility meets all statutory requirements for protection of fish and wildlife. Increases the maximum amount of cost eligible for the tax credit from \$10 million to \$20 million per project for renewable energy resources including alternative fuels renewable energy manufacturing facilities or combined heat and power projects. Places a sunset date of January 1, 2016 on the credit.

Revenue Impact:

(\$ Millions)	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	-\$0.5	-\$1.4	-\$1.9	-\$12.6

Impact Explanation:

Most of the revenue impact occurs in the 2009-11 biennium and later for two reasons: (1) the increase in the credit from 35% to 50% occurs in years 3-5 after final certification; and (2) certain projects require significant lead time before being able to claim the credit. Details on the revenue impact are included in the table below.

(\$ Millions)	2007-09	2009-11
\$20M Cap	-0.1	-0.9
35% to 50%	-0.5	-7.1
Renewable Energy System, HPH, Fed credit	-0.4	-1.0
Heat & Power	-0.8	-2.5
Hydro	-0.1	-1.1
Total	-1.9	-12.6

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