

**74th OREGON LEGISLATIVE ASSEMBLY - 2007 Regular Session**  
**STAFF MEASURE SUMMARY**  
**House Committee on Energy and the Environment**

**MEASURE: HB 2210-A**  
**CARRIER:**

**REVENUE: May have revenue impact, statement not yet issued**  
**FISCAL: Fiscal statement issued**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue by Prior Reference
<b>Vote:</b>	7 - 0 - 0
<b>Yeas:</b>	Beyer, Burley, Cannon, Jenson, Macpherson, Smith G., Dingfelder
<b>Nays:</b>	-
<b>Exc.:</b>	-
<b>Prepared By:</b>	Cat McGinnis, Administrator
<b>Meeting Dates:</b>	1/24, 1/26, 1/29, 2/2, 2/5

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**WHAT THE MEASURE DOES:** Expands local property tax exemption for energy production facilities that produce ethanol, biofuel or verified fuel additives. Extends 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. Creates standards for biodiesel and ethanol 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. Restricts proportion of methyl tertiary butyl ether (MTBE) and other gasoline additives. 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. 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.

**ISSUES DISCUSSED:**

- Interstate commerce impact of requiring Oregon-sourced raw materials for fuels to meet the renewable fuel standard.
- Air quality benefits of biodiesel versus diesel fuel.
- Canola control districts in the Willamette Valley.
- Ability of tax credit to create incentive for growing canola for biofuel when wheat sells for more.
- Cold temperature performance (gel point) of biofuel and production quality mandates.
- Pre-emption of local renewable fuel standards, such as Portland's.
- Adequacy of fuel retailers' underground storage capacity with the addition of renewable fuel standard.
- Formula for spreading tax credit over 5 tax years.

**EFFECT OF COMMITTEE AMENDMENT:**

- Deletes provisions relating to property tax exemptions for biodiesel processing facilities.
- Revises the applicability date for changes to ORS 308A.056 to apply to tax years beginning on or after July 1, 2008.
- Requires a biennial job study.
- Creates testing requirements, specifications and frequency of testing of biofuel production lots.
- Further clarifies definition of "biomass" to exclude wood treated with inorganic chemical compounds.

- Excludes, from the definition of “biodiesel,” fuel produced from palm oil.
- Clarifies bill does not supersede city and county authority to regulate the collection of solid waste.

**BACKGROUND:**

Both the Senate and the House passed different versions of biofuels legislation in the 2005 session, but did not reach a compromise. Legislation was not enacted.