2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2210 **STATUS:** A-Engrossed
SUBJECT: Relating to alternative energy fuels and related tax exemptions and credits
GOVERNMENT UNIT AFFECTED: Department of Energy, Department of Revenue, Department of Agriculture, Department of Administrative Services, and the Economic and Community Development Department
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DATE: February 7, 2007

	2007-2009	2009-2011
EXPENDITURES:		
See Comments.		

REVENUES:
Refer to the Revenue Impact Statement issued by the Legislative Revenue Office.

POSITIONS / FTE:
See Comments.

EFFECTIVE DATE: 91st day following adjournment sine die.

GOVERNOR'S BUDGET: This bill is anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The measure expands local property tax exemptions for facilities producing ethanol, biofuel or certain fuel additives; requires the Department of Agriculture to study and monitor ethanol fuel production, use and sales in the state; establishes ethanol standards related to the sale of gasoline; restricts sale of gasoline with certain additives; directs state-owned structures to use biofuels for back-up generation where economically feasible; extends income and corporate excise tax credit for agriculture producers and collectors of biofuel raw materials used to produce alternative fuels; and, allows consumer tax credit for purchase of forest or agriculture waste or solid biofuel residue.

The bill directs the Department of Energy to develop rules, at least annually, related to categories of fuel blend and solid biofuel that qualify for the personal income tax credit, and to prescribe a dollar rate per quantity of fuel blend or solid biofuel to be used to calculate the amount of credit allowed. In the Governor's Recommended Budget, the Department of Energy has requested additional limitation and FTE to cover costs associated with renewable energy and conservation incentives and existing energy programs. The agency states that activities related to this bill can be absorbed with existing resources.

The bill directs the Department of Agriculture to study and monitor ethanol fuel production, use and sales in the state. The department states that there is a fiscal impact associated with the bill, however, the impact is still being analyzed by the department.

The bill directs the Economic and Community Development Department to conduct a biennial job impact study. The department is still working on specific fiscal information about this study, but indicates that a similar study, the Small Business Survey, costs $74,500.

The Department of Revenue anticipates a minimal fiscal impact, less than $10,000, to the agency as a result of this bill. This assumes the maximum number of corporate credits is less than 57 and that consumer credits are less than 250 households. The impact on counties is expected to also be minimal. The Department of Administrative services indicates that this bill will have no fiscal impact to the department.

This fiscal impact statement is for the purpose of transmitting the measure from the House Committee on Energy and the Environment to the House Committee on Revenue. A detailed fiscal impact statement will be issued for the measure when it is considered by the House Revenue Committee.