

REVENUE: May have revenue impact, statement not yet issued

FISCAL: No fiscal impact

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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>	4/11, 4/27

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**WHAT THE MEASURE DOES:** Expands business energy tax credits for acquiring, constructing or installing a renewable energy resource equipment manufacturing facility. Applies to facilities and alternative energy devices acquired, erected, constructed or installed on or after January 1, 2007, and to tax years beginning on or after January 1, 2007. Allows credit of 15 percent of the certified cost of the facility in the first two tax years in which the credit is claimed; 10 percent in the third tax year and five percent in the fourth and fifth tax years. Directs Oregon Department of Energy (ODE) to establish criteria for qualifying facilities. Provides residential tax credit for purchase of alternative energy device used for domestic water heating. Increases maximum credit for purchase of residential solar electric system from \$2,000 to \$5,000. Takes effect on the 91<sup>st</sup> day after adjournment sine die.

**ISSUES DISCUSSED:**

- Need for addition of measure sunset
- Costs of domestic solar energy and solar water heating systems

**EFFECT OF COMMITTEE AMENDMENT:**

- Changes “for” to “or” to correct a drafting error in the provision establishing the amount of tax credit for alternative energy domestic water heating devices
- Allows a public utility to charge a rate to provide no-interest loans to customers who install renewable energy generation facilities in their homes.

**BACKGROUND:** “Renewable energy resource equipment manufacturing facility” means any structure, building, installation, excavation, machinery, equipment or device, or an addition, reconstruction or improvement to land or an existing structure, building, installation, excavation, machinery, equipment or device, that is necessarily acquired, constructed or installed by a person in connection with the conduct of a trade or business, that is used primarily to manufacture equipment, machinery or other products designed to use a renewable energy resource and that meets the criteria to be established by ODE. Facilities may include those that produce photovoltaic (PV) systems for retail sale, including solar-powered residential water heating systems. According to the Oregon Department of Energy, solar energy systems work well in western Oregon, which receives as much solar energy as the national average. Solar water heating and solar electric systems in Western Oregon produce roughly the same energy on an annual basis as systems in Florida.