

REVENUE: Revenue Impact Issued

FISCAL: Minimal Fiscal Impact, no statement issued

Action: Do Pass

Vote: 4-0-1

Yeas: Morse, Rosenbaum, Telfer, Burdick

Nays: 0

Exc.: Hass

Prepared By: Chris Allanach, Economist

Meeting Dates: 5/18

WHAT THE BILL DOES: Clarifies existing statute that certain tax credits (the biomass producer credit, the business energy tax credit, the credit for contributions to the Oregon Production Investment Fund, and the diesel engine repower/retrofit credit) may be sold or transferred only to C-corporations, S-corporations, or personal income taxpayers. Clarifies existing statute that an income or corporate excise tax credit that is transferable may be transferred or sold only once, unless specifically stated otherwise in statute. Requires the Department of Energy to establish by rule a formula to be used in determining the transfer price of credits. Requires the formula to incorporate inflation projections and market real rate of return. Requires the department to update transfer prices quarterly using the formula.

ISSUES DISCUSSED:

- Workgroup efforts on uniform language for credit transfers
- Current discount transfer price for the Business Energy Tax Credit
- Impact of policy on transfer market for credits

EFFECT OF COMMITTEE AMENDMENTS: None

BACKGROUND: A number of personal and corporate income tax credits allow a transfer of one kind or another. A lack of clarity in current statutes and inconsistency among the credits creates confusion for taxpayers and presents administrative difficulties. The primary intent of the policy contained in this bill is to provide clarity for administrative agencies. The bill is also intended to provide the Department of Energy the flexibility to adjust transfer prices in accordance with a market environment that can change very quickly.