

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Revenue
Vote:	7 - 0 - 1
Yeas:	Bailey, Bentz, Gilliam, Holvey, Thatcher, Witt, Read
Nays:	0
Exc.:	Galizio
Prepared By:	Barbara Allen, Administrator
Meeting Dates:	3/17, 4/14

WHAT THE MEASURE DOES: Modifies the business energy tax credit (BETC) to include certain recycling facilities. Allows taxpayer to claim a residential energy tax credit (RETC) for a hydroelectric generating system.

Modifies provision for claiming a biomass tax credit. Limits eligibility to biofuels that have been converted into fuels ready to use as energy in Oregon. Revises biomass credit transfer provisions. Allows credit where biofuel producer is also agricultural producer or biomass collector. Applies to tax years beginning on or after January 1, 2010.

ISSUES DISCUSSED:

- Limiting size of Energy Grant Account and caps on grants in a calendar year to \$1 million
- Planning, implementation and cost of a marketing program for the Renewable Energy Grant Account program
- Inclusion of small-scale hydroelectric projects as part of the renewable portfolio standards
- Inclusion of 3-wheeled hybrid vehicles and electric off-road utility vehicles as eligible for RETC
- Sunset provision on the energy tax credit
- Developing a certification system for biomass tax credits, allowing the sale of biomass tax credits to various entities and the number of times those credits can be transferred
- The length of the plug-in hybrid tax credit
- Interest in electric car manufacturers siting facilities near the Portland market and the number of jobs created by siting the facility

EFFECT OF COMMITTEE AMENDMENT: Amendment clarifies language in the Business Energy Tax Credit (BETC) statutes for biomass collectors & deletes the creation of an Oregon Renewable Energy Grant Account portion of the bill.

BACKGROUND: Rising energy costs, an increasing awareness of environmental impacts and national security issues around fossil fuel require increased energy efficiency. Greenhouse gas emissions from the use of fossil fuels have been identified as a major cause of climate change. The key uses of fossil fuels are transportation, generation of electricity, buildings, and industrial processes. The key strategies to reduce greenhouse gas emissions are to improve energy efficiency, reduce energy use, and increase use of renewable energy resources.

Energy efficiency projects are a secondary priority for industry with limited funds compared to projects that improve product quality or increase volume. Proponents of HB 2180 believe that increasing the BETC may make these projects more attractive to industrial customers. The technology and market for alternative fuel vehicles, including hybrid vehicles, is emerging and changing rapidly. The market has been transformed for light duty hybrid vehicles while other next-generation plug-in hybrids and technologies are expected on the market soon but are not eligible for Oregon tax credits.

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Oregon Revised Statute 315.141 implements provisions of House Bill 2210 passed during the 2007 Oregon legislative session. A purpose of HB 2210 was to allow tax incentives for biomass production and collection resulting in biofuel production in Oregon.

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