

REVENUE: Revenue Impact Issued

FISCAL: Fiscal Impact Issued

Action: Do Pass with Amendments and be printed C-Engrossed, and request Referral to Ways and Means

Vote: 5-0-0

Yeas: Hass, Morse, Rosenbaum, Telfer, Burdick

Nays: 0

Exc.: 0

Prepared By: Chris Allanach, Economist

Meeting Dates: 6/17

WHAT THE BILL DOES: Requires the Department of Energy, in consultation with the Public Utility Commission and the Economic and Community Development Department, to prepare a report on the financial aspects of wind energy and conservation projects certified under the Business Energy Tax Credit (BETC) program. Directs the study to include capital investments, federal and state tax incentives, revenues, costs, and return on investment. States that the purpose of the report is to determine the extent to which facilities depend on state incentives for initial and continued operation. Requires the Department of Energy to report to the Legislature by February 1, 2011.

ISSUES DISCUSSED:

- The need for additional information regarding the impact these projects have on Oregon's economy

EFFECT OF COMMITTEE AMENDMENTS: Replaces bill.

BACKGROUND: The BETC was created in 1979 for projects pertaining to recycling, energy conservation, and renewable energy. Generally, the credit is 35% of the certified cost taken over five years: 10 percent in the first two years, and 5 percent for the subsequent three years. In 2007, the credit was increased to 50% over five years for projects that use or produce renewable energy or is a renewable energy resource equipment manufacturing facility. For the first 20 years of the program, annual preliminary certifications totaled less than \$50 million. Since 2000, that total has climbed to nearly \$570 million in 2008. During the 2009 session, the consideration of HB 2472 has involved changes that would, among other things, reduce the credit for certain projects. With the recent strong growth in this tax credit program, there is significant interest in gaining or more complete understanding of the policy's impact on investment in renewable energy projects.