

REVENUE: Revenue Impact issued

FISCAL: Minimal Fiscal Impact, no statement issued

Action: Do Pass as Amended and be printed A-Engrossed

Vote: 8-2-0

Yeas: Bailey, Bentz, Berger, Gelser, Kahl, Read, Riley, Barnhart

Nays: Bruun, Sprenger

Exc.: 0

Prepared By: Chris Allanach, Economist

Meeting Dates: 2/19; 2/24; 3/24; 4/9; 4/16; 4/17; 4/21; 4/28

WHAT THE BILL DOES: Establishes grounds for mandatory denial of preliminary certification for projects exceeding \$5 million that fail to meet certain criteria. Requires affected applicants to have applied for all required state and local licenses and permits, to not be in arrears on any tax owed to the state or local governments, and to keep the facility in continuous operation for at least five years after it is placed in operation. Prohibits the Department of Energy from issuing a final certification unless all necessary permits and licenses have been issued and allows them to require the other conditions to be met to issue or revoke a final certification. Allows the Department of Energy, when considering an application, to consider the number of jobs created, the economic benefits, the revenue impact as compared with the projected benefits, and whether or not construction of the facility is dependent upon preliminary certification. Prohibits the Department of Revenue from paying interest on amounts due to a credit claimed by a credit transferee upon the filing of an amended tax return. Treats electric vehicle manufacturers as renewable manufacturing facilities for purpose of the credit. Reduces the project cost cap from \$20 million to \$15 million for renewable projects with installed capacity greater than 20 megawatts. Allows the Department of Energy to consider multiple applications as a single application for certain purposes if the facilities are in such close proximity, or so closely related, that they constitute a single facility. Eliminates the automatic 10% increase in the credit due to higher than estimated project costs. Applies to preliminary certifications issued on or after the effective date of the bill.

ISSUES DISCUSSED:

- Oregon's role in the production of alternative energy
- Impact of renewable energy projects on job creation
- Impact of tax credits on budget decisions
- The role of tax credits in expanding the renewable industry in Oregon
- Policy connections between the tax credits the Renewable Portfolio Standards
- The credit certification process

EFFECT OF COMMITTEE AMENDMENTS: Replaces bill.

BACKGROUND: In 2008, the Assembly required the Department of Energy to establish criteria relating to the credits for renewable energy equipment manufacturing facilities (HB 3619). These criteria include standards relating to employment gains, financial viability, likelihood of long-term success, and the likely impact on location or expansion decisions. That same legislation allowed the Department of Energy to certify a lesser amount if General Fund revenues are less than expected or if the standards mentioned above are not met.