

House Bill 2182

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for State Department of Energy)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Broadens definition of alternative fuel projects eligible for loan funds as small scale local energy project.

Increases term of service for members of Small Scale Local Energy Project Advisory Committee.

A BILL FOR AN ACT

1
2 Relating to small scale local energy projects; creating new provisions; and amending ORS 470.050
3 and 470.070.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 470.050 is amended to read:

6 470.050. As used in this chapter, unless the context requires otherwise:

7 (1) "Alternative fuel project" means:

8 (a) [*A fleet of vehicles*] **Equipment or vehicles** that are modified or acquired directly from a
9 factory and that:

10 (A) Use an alternative fuel including electricity, [*ethanol*] **biofuel**, gasohol with at least [10] **20**
11 percent denatured alcohol content, hydrogen, hythane, methane, methanol, natural gas, propane or
12 any other fuel approved by the Director of the State Department of Energy; and

13 (B) Produce lower [*or equivalent*] exhaust emissions or are more energy efficient than **equiv-**
14 **alent equipment or** vehicles fueled by gasoline **or diesel**; and

15 (b) A facility, including a fueling station, **or equipment** necessary to **produce alternative fuel**
16 **or** operate **equipment or vehicles that use** an alternative fuel [*vehicle fleet*].

17 (2) "Applicant" means an applicant for a small scale local energy project loan.

18 (3) "Committee" means the Small Scale Local Energy Project Advisory Committee created under
19 ORS 470.070.

20 (4) "Cooperative" means a cooperative corporation organized under ORS chapter 62.

21 (5) "Director" means the Director of the State Department of Energy appointed under ORS
22 469.040.

23 (6) "Eligible federal agency" means a federal agency or public corporation created by the federal
24 government that proposes to use a loan for a small scale energy project. "Eligible federal agency"
25 does not include a federal agency or public corporation created by the federal government that
26 proposes to use a loan for a small scale energy project to generate electricity for sale.

27 (7) "Eligible state agency" means a state officer, board, commission, department, institution,
28 branch or agency of the state whose costs are paid wholly or in part from funds held in the State
29 Treasury.

30 (8) "Loan" includes the purchase or other acquisition of evidence of indebtedness and money

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 used for the purchase or other acquisition of evidence of indebtedness.

2 (9) "Loan contract" means the evidence of indebtedness and all instruments used in the purchase
 3 or acquisition of the evidence of indebtedness. For eligible federal or state agencies or municipal
 4 corporations that are tax exempt entities, a loan contract may include a lease purchase agreement
 5 with respect to personal property.

6 (10) "Loan fund" means the Small Scale Local Energy Project Loan Fund created by Article XI-J
 7 of the Oregon Constitution.

8 (11) "Municipal corporation" has the meaning given in ORS 297.405 and also includes any Indian
 9 tribe or authorized Indian tribal organization or any combination of two or more of these tribes or
 10 organizations acting jointly in connection with a small scale local energy project.

11 (12) "Oregon business" means a sole proprietorship, partnership, company, cooperative, corpo-
 12 ration or other form of business entity that is organized or authorized to do business under Oregon
 13 law for profit.

14 (13) "Recycling project" means a facility or equipment that converts waste into a new and usa-
 15 ble product.

16 (14) "Small business" means:

17 (a) An Oregon business that is:

18 (A) A retail or service business employing 50 or fewer persons at the time the loan is made; or

19 (B) An industrial or manufacturing business employing 200 or fewer persons at the time the loan
 20 is made; or

21 (b) An Oregon subsidiary of a sole proprietorship, partnership, company, cooperative, corpo-
 22 ration or other form of business entity for which the total number of employees for both the sub-
 23 sidiary and the parent sole proprietorship, partnership, company, cooperative, corporation or other
 24 form of business entity at the time the loan is made is:

25 (A) Fifty or fewer persons if the subsidiary is a retail or service business; and

26 (B) Two hundred or fewer if the subsidiary is an industrial or manufacturing business.

27 (15) "Sinking fund" means the Small Scale Local Energy Project Administration and Bond
 28 Sinking Fund created in ORS 470.300.

29 (16) "Small scale local energy project" means:

30 (a) A system, mechanism or series of mechanisms located primarily in Oregon that directly or
 31 indirectly uses or enables the use of, by the applicant or another person, renewable resources in-
 32 cluding, but not limited to, solar, wind, geothermal, biomass, waste heat or water resources to
 33 produce energy, including heat, electricity and substitute fuels, to meet a local community or re-
 34 gional energy need in this state;

35 (b) A system, mechanism or series of mechanisms located primarily in Oregon or providing
 36 substantial benefits to Oregon that directly or indirectly conserves energy or enables the conserva-
 37 tion of energy by the applicant or another person, including energy used in transportation;

38 (c) A recycling project;

39 (d) An alternative fuel project;

40 (e) An improvement that increases the production or efficiency, or extends the operating life,
 41 of a system, mechanism, series of mechanisms or project otherwise described in this subsection, in-
 42 cluding but not limited to restarting a dormant project;

43 (f) A system, mechanism or series of mechanisms installed in a facility or portions of a facility
 44 that directly or indirectly reduces the amount of energy needed for the construction and operation
 45 of the facility and that meets the sustainable building practices standard established by the State

1 Department of Energy by rule; or

2 (g) A project described in paragraphs (a) to (f) of this subsection, whether or not the existing
 3 project was originally financed under this chapter, together with any refinancing necessary to re-
 4 move prior liens or encumbrances against the existing project.

5 (h) A project described in paragraphs (a) to (g) of this subsection that conserves energy or
 6 produces energy by generation or by processing or collection of a renewable resource.

7 **SECTION 2.** ORS 470.070 is amended to read:

8 470.070. (1) The Director of the State Department of Energy shall appoint a Small Scale Local
 9 Energy Project Advisory Committee to review applications made under ORS 470.060 and rules
 10 adopted under ORS 470.080, and make recommendations thereon to the director.

11 (2) Seven members shall be appointed to the Small Scale Local Energy Project Advisory Com-
 12 mittee. Each member shall be appointed to serve a [*two-year*] **four-year** term, commencing on the
 13 date of appointment, and until a successor is appointed and qualified. The members shall represent
 14 the interest of the citizens of this state and shall be knowledgeable in the areas of small scale en-
 15 ergy technology, natural resource development, environmental protection, finance, agriculture, local
 16 government operations and utility operations. At least three members shall reside outside the
 17 Willamette Valley.

18 (3) The committee shall elect its own presiding officer, adopt rules for its procedure and meet
 19 on call of the presiding officer or a majority of the members. A majority of the members shall con-
 20 stitute a quorum to do business. The director shall provide administrative facilities and services for
 21 the committee.

22 (4) Members of the Small Scale Local Energy Project Advisory Committee shall be entitled to
 23 expenses as provided by ORS 292.495.

24 **SECTION 3. (1) The amendments to ORS 470.050 by section 1 of this 2009 Act apply to**
 25 **applications to obtain loan funds for small scale local energy projects first filed with the**
 26 **State Department of Energy on or after the effective date of this 2009 Act.**

27 **(2) The amendments to ORS 470.070 by section 2 of this 2009 Act apply to terms begun**
 28 **on or after the effective date of this 2009 Act.**

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