

**75TH OREGON LEGISLATIVE ASSEMBLY 2010 Special Session
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 3680 A
CARRIER: Rep. Barnhart**

**REVENUE: Revenue Impact Issued
FISCAL: Fiscal Impact Issued**

Action: Do Pass as Amended and be Printed A Engrossed
Vote: 10-0-0
Yeas: Bailey, Bentz, Berger, Bruun, Gelsner, Kahl, Read, Riley, Sprenger, Barnhart
Nays: 0
Exc.: 0
Prepared By: Chris Allanach, Economist
Meeting Dates: 2/3; 2/5

WHAT THE BILL DOES: Creates a limit on the amount of preliminary certification credits the Department of Energy may issue for renewable projects within the Business Energy Tax Credit (BETC) program. Sets the limit at \$300 million for the 2009-11 biennium and \$150 million for the fiscal year ending June 30, 2012. Directs the Department of Energy to prioritize which projects qualify for preliminary certification under the limit. Changes the existing 5-year credit to a 6-year credit for renewable projects that cost more than \$10 million, for final certifications issued on or after January 1, 2010. The credit is still claimed over five years, but the first year it may be claimed is the year following final certification. Limits total credit costs on individual wind projects larger than 10 Megawatts to \$3.5 million for projects pre-certified in 2010; reduces that limit to \$2.5 million for projects pre-certified in 2011 and then to \$1.5 million in 2012. Adds energy storage devices to both the BETC for renewable energy resources and the renewable energy resource equipment manufacturing facilities. Extends the manufacturing BETC sunset date to January 1, 2014 for pre-certification. Extends the sunset for all other portions of the BETC to July 1, 2012. Makes preliminary certifications valid for three years. Removes the ability of the director of the Department of Energy to increase certification costs by ten percent. Adds accountability standards to the program effective June 1, 2009. Gives the Department of Energy authority to require additional information and maintain confidentiality. Takes effect on the 91st day following sine die.

ISSUES DISCUSSED:

- Department of Energy administrative actions
- Focus policy on quality projects
- Timing and planning for manufacturing projects
- The need for program stability
- The economic and jobs impact of projects

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 are a renewable energy resource equipment manufacturing facility. 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 allows 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. In 2009, the Assembly passed HB 2472 that was intended to provide additional accountability measure and reduce the credit for certain projects; however the bill was vetoed by the Governor.

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