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

MEASURE: HB 3681 A
CARRIER: Rep. Barnhart

REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact, no statement issued

Action:	Do Pass as Amended and be Printed A Engrossed	
Vote:	10-0-0	
	Yeas:	Bailey, Bentz, Berger, Bruun, Gelser, Kahl, Read, Riley, Sprenger, Barnhart
	Nays:	0
	Exc.:	0
Prepared By:		Chris Allanach, Economist
Meeting Dates:		2/2, 2/3, 2/9, 2/10, 2/12, 2/15, 2/16

WHAT THE BILL DOES: Directs the Department of Energy and the Oregon Business Development Department to establish a process for the transfer of the administration of the tax credits available for renewable energy resource equipment manufacturing facilities. Makes electric vehicle manufacturers (including all-terrain vehicles) and component part manufacturers eligible for the manufacturing Business Energy Tax Credit (BETC). Limits maximum eligible project costs for these manufacturers to $2.5 million. Requires the Department of Energy to consider such factors as phases of development, expansion of or addition to existing facilities or product lines, increased production, and number of jobs created or maintained when determining eligibility for a manufacturing BETC. To conform with HB 3680A, 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. Clarifies the a reservation partnership zone is a type of enterprise zone. Extends the sunset date for the reservation enterprise zone income tax credit from January 1, 2014 to January 1, 2018. Takes effect on the 91st day after sine die.

ISSUES DISCUSSED:

- Need for working capital by electric vehicle manufacturers
- Taxation of businesses on reservations
- Benefits of transferring the administration of the manufacturing BETC to Oregon Business Development Department
- Potential use of manufacturing credits
- How manufacturers use the BETC for different stages of production

EFFECT OF COMMITTEE AMENDMENTS: Replaces bill.

BACKGROUND: Manufacturing facilities were added to the BETC in 2007 and eligibility criteria were added in 2008. In 2009 the sunset date was moved from January 1, 2016 to January 1, 2012. The addition of electric vehicles was also discussed in 2009 and was part of HB 2472, which was vetoed by the Governor. The nature of the manufacturing process requires additional flexibility on the part of the administrative agency to address business expansion concerns as they arise. The language pertaining to wind projects larger than 10 megawatts is included in this bill to conform with changes adopted in HB 3680A, which was passed by the House earlier this session. The language pertaining to reservation partnership zones is a clarification of policies adopted in 2009 in SB 726. The extension of the reservation enterprise zone tax credit is intended to address the potential dual taxation of businesses on tribal lands. Its use has been limited to date.