

**REVENUE IMPACT OF
PROPOSED LEGISLATION
75th Oregon Legislative Assembly
2010 Special Session
Legislative Revenue Office**

Bill Number:	HB 3680A
Revenue Area:	Income Taxes
Economist:	Chris Allanach
Date:	2-8-10

Measure Description: 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. Changes the existing 5-year credit to a 6-year credit for renewable projects that cost more than \$10 million. 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.

Revenue Impact (\$Millions):

	Fiscal Year		Biennium		
	2009-10	2010-11	2009-11	2011-2013	2013-2015
General Fund	\$0	\$55	\$55	\$98	\$39

The estimated revenue increase is primarily due to the shift to the six-year credit for renewable projects greater than \$10 million in project costs and the limit on pre-certifications for renewable projects. The revenue increase for the 2009-11 biennium is primarily due to the change from the current five-year credit to the six-year credit for large renewable projects. This change essentially shifts the revenue impact of these projects to subsequent biennia. The revenue increase in subsequent biennia is driven by the cap on pre-certifications. The cap is below the current law projection for the amount of pre-certification credits expected to be issue this biennium. Extending the sunset date six months for non-manufacturing projects attenuates the revenue gains in 2011-13 and 2013-15. Extending the sunset date for manufacturing projects has the effect of spreading out the final certifications to later biennia – there is a revenue gain in the nearer biennia and a revenue loss in the outer biennia.

Creates, Extends, or Expands Tax Expenditure: Yes

Purpose Statement: The extension of the program sunset is intended to provide additional certainty to program participants.