



June 1, 2011

To: The House Committee on Revenue
From: Meghan Nutting, Deputy Director of Government Affairs, SolarCity
Re: HB 2563

Dear Chairs and Members,

SolarCity would like to voice our support for HB 2563 and encourage the Committee to allow it to move through to a floor vote. Section 7 of this legislation contains a provision that exempts solar and other renewable energy generators from property tax assessments. It is this section of the bill that we specifically support.

SolarCity is a solar energy financier and installer that was founded in 2006 with the mission of providing affordable solar to anyone interested in using solar technology to power their home or business. We were the first company to provide solar power system design, financing, installation and monitoring services from a single source. Our SolarLease often makes it possible for homeowners and businesses to switch to clean solar power for less money than they currently pay for conventional grid electricity. This mechanism makes solar energy more affordable and more available to those who might not otherwise be able to afford to 'go solar'.

We encourage committee members to support HB 2563 because it provides solar developers with an opportunity to provide cost-competitive renewable energy to customers. Because of Oregon's already low energy prices, it is difficult to provide our customers with savings on their energy bill in return for their investment in solar unless we are able to take advantage of a solar property tax exemption. In fact, over the length of a 15 year contract, between 23% and 100% of a customer's total payment for a system will be the result of property tax (see attachment).

From a county's perspective, any additional revenue that would be provided from assessing a property tax on these systems is insignificant. However, if a property tax is levied on solar installations, many projects will not get developed in the first place. Essentially there are two options and in both of them, the County will not receive any revenue. In the first scenario, under a property tax exemption, projects will get built and there will be associated benefits including jobs created, lower CO2 emissions, and capital investment. In the second scenario, if there is no property tax exemption, projects will not get built, the County will receive no revenue and there will be no associated benefits. Under both scenarios, the County does not receive any revenue but in the latter scenario, jobs, investment and environmental benefits are also erased.

SolarCity currently has a significant number of projects under development that will not move forward without this property tax exemption. Unless HB 2563 passes, the economics of the projects will no longer be palatable to our customers. For public and not for profit entities we can

attempt to seek a special exemption from the County in which we are developing these projects. However, in the event the Counties do not grant us this exemption for the projects that qualify and the legislature does not pass this legislation, the economics of the deals we have made with our clients will no longer be compelling enough for them to move forward with installing solar.

We strongly encourage the Revenue committee to allow HB 2563 to move out of committee and to the floor for a vote. The solar property tax exemption contained within the legislation is critical to the development of projects throughout the state, with all of the associated job growth, economic development and environmental benefits. Such an exemption will also give the solar industry greater freedom to grow and flourish within Oregon.

With warm regards,

Meghan Nutting
Deputy Director of Government Affairs
SolarCity

Example of Customer Payment Schedule with and without Property Tax

Initial Term (years)		15		
Initial Rate (per kWh)		\$0.06		
Contract Year	Annual System Energy Production (kWh)	Buyer's Energy Payments	Buyer's Energy Payments (With Property Tax)*	Percentage of Total
Year Purchased	0	0	\$66,662.75	100%
1	1193272	\$71,596.32	\$130,259.54	45%
2	1187306	\$71,238.34	\$126,568.42	44%
3	1181369	\$70,882.15	\$123,545.72	43%
4	1175462	\$70,527.74	\$119,858.17	41%
5	1169585	\$70,175.10	\$117,505.65	40%
6	1163737	\$69,824.22	\$113,821.64	39%
7	1157918	\$69,475.10	\$111,472.63	38%
8	1152129	\$69,127.73	\$109,125.38	37%
9	1146368	\$68,782.09	\$106,779.85	36%
10	1140636	\$68,438.18	\$104,436.06	34%
11	1134933	\$68,095.99	\$102,093.99	33%
12	1129258	\$67,755.51	\$98,420.37	31%
13	1123612	\$67,416.73	\$94,748.46	29%
14	1117994	\$67,079.64	\$91,744.86	27%
15	1112404	\$66,744.25	\$86,743.07	23%

* Represents the annual payments if System is not eligible for a property tax exemption under ORS 307.112.

