



MEASURE: HB 3582
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Joint Committee on Tax Credits 76th Session
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May 26th, 2011

To: Senator Ginny Burdick, Co-Chair
Representative Jules Bailey, Co-Chair
Representative Vicki Berger, Co-Chair
Members of the Joint Committee on Tax Credits

From: Chris Fick, Intergovernmental Relations Associate

Re: HB 3582

The League of Oregon Cities is an association of all 242 cities in Oregon. Oregon's cities are home to seventy percent of all Oregonians and eighty percent of the state's jobs and income tax collections.

Oregon's cities strongly support HB 3582, which would extend the Business Energy Tax Credit (BETC) program through 2021. Oregon's cities see the BETC as a valuable tool to promote energy efficiency, spur renewable energy production and attract and foster economic development in the rapidly expanding sector of clean energy.

Since 2006, 56 cities have received over \$15 million in tax credits from the BETC program. Oregon cities have used the BETC to invest in high efficiency lighting, HVAC system upgrades, transit systems, hybrid vehicles and efficiency and clean energy generation upgrades at wastewater treatment plants. These investments have enabled cities to conserve precious taxpayer dollars that previously went to fund energy, heating and transportation expenses.

Cities, large and small, urban and rural, have used the tax incentive program to improve efficiency and city services. For example:

- Corvallis has used its BETC funds to leverage additional matching federal support for its transit system. According to city surveys, roughly 25 percent of all rides are work-related trips for low-income city residents. Of the estimated 800,000 rides provided this fiscal year, 120,000 rides are provided to seniors and persons with disabilities and 128,000 to youth. The program helps these residents commute to and from work and other destinations while reducing fuel usage by an estimated 120,000 gallons annually.
- The city of Cottage Grove is saving roughly \$23,325 annually from BETC-financed energy-efficiency upgrades to the city's wastewater treatment plant.
- In 2010, the cities of Canyonville, Dallas, Drain, Waldport and Winston each used the BETC program to reduce energy costs, receiving nearly \$25,000 in tax credits.
- Gresham has used the BETC to help install solar panels and a cogeneration unit at its wastewater treatment facility. These two energy sources have reduced the electrical

energy purchased from PGE at the wastewater treatment facility by 64 percent, saving the city more than \$300,000 annually.

- The city of Pendleton installed a solar electric system at its wastewater treatment plant, producing more than 250,000 kWh annually.

Some of these efforts are major investments, while others are more modest in dollar terms, but each yields a clear return to city taxpayers and municipal utility ratepayers. While many cities have made use of the program, cities have accounted for only roughly 2 percent of all BETC dollars awarded over the past several years.

Cities also benefit from the manufacturing component of the BETC, which is helping to grow and nurture an emerging clean energy economy in cities around the state, including Salem, Hillsboro and Portland. Oregon's solar manufacturing and construction industry will employ 2,500 Oregonians by year's end. Energy efficiency – another component of the BETC and one of the fastest growing sectors of the Oregon economy – has created over 13,000 new jobs to the state.

The League strongly encourages this committee to extend the BETC program by supporting HB 3582.

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