
WEATHERIZATION INDUSTRIES SAVE ENERGY

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COMMENTS ON HB 3671-1

It appears that in several places, the language of HB 3671-1 does not seem to conform to its presumed intent.

Rental Dwelling Weatherization

Inclusion- Section 30 does not include a provision for granting tax certification to rental dwelling weatherization projects. These projects were the original intent of the BETC program and are essential to saving tenants money on their heat bill and retrofitting some of Oregon's least energy-efficient buildings.

The following language might be added as Section 30 (2) (e):

“Notwithstanding Section 30 (2) (d) the following measures are eligible for rental dwelling weatherization projects: Insulation of ceilings or attics to at least R-38; Insulation of exterior walls to at least R-15; Insulation of basement walls to at least R-15; Insulation of floors over unheated spaces to at least R-25; Air-tightness sealing of heating system supply and return air ducts in unheated spaces; Insulation of heating system supply and return air ducts in unheated spaces to at least R-11; Insulation of water heaters, water pipes, or steam pipes in unheated spaces to at least R-8; Whole-house air sealing; Thermal windows with a U-Value of .30 or lower; Thermal doors with a R-value of 5 or higher; Dehumidifiers (plug-in or permanently installed) or exhaust fans designed to reduce indoor humidity; Any other measure, or enhancements to the above measures, determined by rule to be consistently cost-effective and/or in accordance with industry standards.”

Allocation under Cap- Rental dwelling projects with eligible costs under \$20,000 are numerous, comprising almost 22% of historical BETCs by project volume, but account for only about 0.7% of tax credit dollars. It makes sense therefore in Section 36 to carve out an allocation of 20% of the cap for all conservation projects for these small projects.

Certification- As mentioned, rental dwelling projects with eligible costs under \$20,000 are numerous, repetitive, and have minimal impact on the dollar volume of the tax credit program. They are also long-lasting, low risk, and labor intensive. Yet, under the current program of required pre and post-certifications these simple projects often take 180 days to go twice through the review process—this is unnecessary, wasteful of state resources, and impedes job creation and energy savings. It makes sense, therefore, to waive the pre-certification requirement under Section 38 for rental weatherization projects with eligible costs under \$20,000.

Passthrough- Many property owners—especially those who own the least energy-efficient properties—do not have sufficient tax liability to use conservation tax credits themselves. It is essential that the passthrough be allowed for these projects.

Deadline for Existing Conservation Program

The current language under Section 1 (b) retroactively decertifies projects that have already submitted applications by stopping pre-certifications for conservation projects on May 12, 2011. As this would seriously damage the credibility of the State and stop the weak economic recovery in the energy efficiency field for nearly a year, it appears that this language does not reflect its intent. When specifying dates, the best outcome will result from a smooth and continuous transition from the current BETC program to the new Conservation Project program.

If stopping the BETC program for a year is needed to deal with budget impacts, small projects—for instance, those with eligible costs under \$100,000—could be maintained since they will have a negligible impact on the budget while maintaining continuity for the bulk of projects.

Duct Sealing & Ductless Heat Pumps

Section 62 appears to have eliminated duct sealing and ductless heat pumps from the residential tax credit program. This seems to be unintentional since they represent the most cost-effective portions of this tax credit program.

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