



**Joint Committee on Tax Credits  
HB 3671-1 Amendments**

June 9, 2011  
Comments from  
Lynn Frank, President,  
Five Stars International, Ltd.

While there are issues being addressed by others, I thought I might share thoughts I had not heard expressed:

**Post Sunset Review Period** – It would make sense to allow the Oregon Department of Energy a reasonable administrative review period – 90 or 120 days – for all final applications filed by the sunset date of June 30, 2012 or whatever date is adopted.

This approach affords a reasonable period of time to review final certifications – enabling more thoughtfully considered decisions. In the alternative, there could be a rush to judgment as the sunset date approaches that would not be in anyone’s interests. There is also the possibility of an unintended pocket veto arising simply because the clock expires while review is pending.

**Small Conservation Projects** – Small rental weatherization projects – with a cost of \$20,000 or less – benefit many Oregonians through cost-effective energy efficiency helping property owners save tenants money on their utility bills. That is accomplished through simple actions – such as attic, wall, and floor insulation and energy efficient windows – based on straightforward standards adopted by ODOE. Yet with ODOE’s BETC review workload, even those simple actions can take 60-90 days or even longer to review **twice** – on preliminary and final certification. These small projects represent a significant number of the BETC applications but not of the BETC risk where the review should be focused. Recommendation:

- Set aside 20% of the energy conservation tax credit limit for rental weatherization projects of \$20,000 or less based on measures that meet ODOE’s standards.
- Allow filing of final certifications after the work is completed – no precertifications needed – with applications accepted up to the tax credit limit.
- Publish the remaining allocation online with notices as to anticipated cut-off dates for receipt of completed applications, with the understanding that applications above the limit would compete for a share of the remaining overall energy conservation tax credit limit. Rental owners and small businesses installing the energy efficiency measures would understand that “at risk” period more than they understand the processing time now.

**Jobs, Energy Savings and Other Standards** – These standards need to be considered in context. For example, energy efficiency projects put people to work now, but benefit from **not** being labor intensive once installed. Does the fact that no one has to be employed to operate and maintain attic insulation make it a less prudent investment?

Second, the standards need to be practical. If the jobs or energy savings impacts are estimated, how many times does one have to perform that estimate and from how many different applicant perspectives? It makes more sense to complete an overall analysis and then assign impacts using a consistent, comparable basis by ODOE not every applicant. While it may make sense to have such reporting when \$50 million to \$100 million in public resources is being invested in a manufacturing facility, performing such estimates for 10,000 or more small conservation projects makes no sense. If all of the job and saving impacts are estimated, estimate them well once not over and over again which adds needless transaction costs.

Third, consider overall Oregon return on investment. If Oregonians have been asked to invest \$50 million to \$100 million (including BETC) in a manufacturing facility, why adopt standards that drive BETC investments for products they produce away from them? Consider overall return on investment to Oregon.

**Deadlines** – It is understood that the HB 3671-1 amendments did not reflect intended sunset dates. Just to affirm, a July 1, 2011 BETC sunset date would be unfortunate in not enabling Oregon to honor earlier commitments for precertified investments and jobs that are now “boots on the ground”.

Similarly a May 12, 2011 energy conservation precertification filing deadline could leave the most cost-effective BETC work – and all of the associated small business jobs - on hold for nearly a year until a successor program is put in place.

Your thoughtfulness in resolving those issues to ensure a reasonable opportunity to complete BETC work and continuity in energy efficiency is appreciated.

Thank you.