

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2523 - B**

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session  
Legislative Fiscal Office

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**Measure Description:**

Transfers administration of income tax credit allowed for renewable energy resource equipment manufacturing facilities from State Department of Energy to Oregon Business Development Department.

**Government Unit(s) Affected:**

Department of Energy, Oregon Business Development Department

**Summary of Expenditure Impact:** See Analysis

**Summary of Revenue Impact:** See Analysis

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

The measure transfers administration of income tax credit allowed for renewable energy resource equipment manufacturing facilities within the Business Energy Tax Credit (BETC) program from the Department of Energy (DOE) to Oregon Business Development Department (OBDD). The transfer includes all records and property related to the manufacturing facilities component of the BETC program, includes employees engaged primarily in the duties of that component of the income tax credit program, any monies appropriated for the program, and any unexpended balances. The transfer is operative January 1, 2012. OBDD and DOE may take action prior to the operative date to facilitate the transfer.

Currently, DOE administers the program, while OBDD assists the manufacturing facility applicants for the income tax credit program and consults with DOE and applicants. DOE states that the manufacturing facilities portion of the BETC program represents about 6% of the total program and DOE estimates that there are fewer than 20 active projects within the manufacturing BETC program.

DOE notes that no dedicated staff is assigned to the manufacturing facilities tax credit processing and assumes no staff would be included in the transfer. DOE estimates an unexpended balance of approximately \$100,000 Other Funds to transfer to OBDD; however this may be reduced if there is additional activity prior to the operative date of the measure.

OBDD assumes that no additional staff will be required to handle the administrative duties of the program and OBDD will utilize existing data systems that monitor and track the manufacturing BETC applications.