

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Joint Committee on Tax Credits by Prior Reference
Vote:	8 - 0 - 0
Yeas:	Bailey, Bentz, Boone, Krieger, Thompson, Witt, Cannon, Gilliam
Nays:	0
Exc.:	0
Prepared By:	Liz Puskar, Administrator
Meeting Dates:	3/3, 4/21

WHAT THE MEASURE DOES: Extends from January 1, 2012 to January 1, 2018 sunset date for tax credits on biofuels and fuel blends, biodiesel used in home heating, and alternative energy devices. Sunsets tax credit for alternative fuel vehicles and related equipment January 1, 2012. Specifies legislative intent of tax credits for alternative energy devices. Requires Oregon Department of Energy (ODOE) to report annually to legislature on utilization of tax credit on alternative energy devices; specifies required content of reports. Establishes maximum total amount of tax credits on alternative energy devices to be paid annually. Where applications for tax credits for alternative energy devices exceed specified maximum in any given year, requires ODOE to apportion tax credits among applicants by rule. Specifies that, to qualify for tax credit, alternative energy device must meet or exceed federal, state and local standards. Revises amount of credit available for various alternative energy devices. Allows ODOE, when establishing eligibility criteria for alternative energy devices, to consider state, federal, and local energy efficiency requirements and evolving market conditions. Terminates tax credits on air conditioning systems, boilers, and certain furnaces.

ISSUES DISCUSSED:

- Effect of tax credit on economy, particularly on small businesses specializing in alternative energy devices
- Effectiveness of tax credits in incentivizing consumer behavior and in reducing pollution
- History of Residential Energy Tax Credit

EFFECT OF COMMITTEE AMENDMENT: Specifies legislative intent of tax credits for alternative energy devices. Requires Oregon Department of Energy (ODOE) to report annually to legislature on utilization of tax credit on alternative energy devices; specifies required content of reports. Establishes maximum total amount of tax credits on alternative energy devices to be paid annually. Where applications for tax credits for alternative energy devices exceed specified amount in any given year, requires ODOE to apportion tax credits among applicants by rule. Specifies that, to qualify for tax credit, an alternative energy device must meet or exceed federal, state and local standards. Revises calculation for amount of credit available for various alternative energy devices. Allows ODOE, when establishing eligibility criteria for alternative energy devices, to consider state, federal, and local energy efficiency requirements and evolving market conditions. Terminates tax credits on air conditioning systems, boilers, and certain furnaces.

BACKGROUND: Originally enacted in 1979, the Residential Energy Tax Credit is a credit against personal income tax that is allowed to taxpayers who install certain alternative energy devices, for example, energy efficient appliances, in their residences. The amount of the credit depends on the device and is a function of its energy saving capability. A tax credit for biofuels and fuel blends is available to consumers who purchase biomass pellets for home heating or fuel blends for use in alternative fuel vehicles, respectively. The tax credit for biodiesel used in home heating is allowed for consumers who purchase fuel that is at least 20 percent biodiesel for heating of their primary home. Under current law, all three of these credits will sunset January 1, 2012. House Bill 2522 A would extend the sunsets to January 1, 2018 and would amend the provisions relating to the tax credit on alternative energy devices.

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This summary has not been adopted or officially endorsed by action of the committee.