

REVENUE: Revenue statement issued

FISCAL: Minimal fiscal impact, no statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the 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, 4/7

WHAT THE MEASURE DOES: Advances to July 1, 2011 sunset on tax credit for purchasers of new diesel engines. Extends sunset on tax credit for repower or retrofit of diesel engines.

ISSUES DISCUSSED:

- Cost of retrofitting diesel engine
- Public health care costs attributable to diesel emissions
- Level of emission reductions resulting from tax credit

EFFECT OF COMMITTEE AMENDMENT: Establishes limits on engines eligible for tax credits according to purchase date of engine or tax year in which repower and retrofit tax credit certification was issued.

BACKGROUND: Under current law, a tax credit is allowed against personal or corporate income taxes for the purchase of qualifying diesel truck engines purchased after September 27, 2007. The amount of the credit is based on the number of trucks the taxpayer owns prior to purchasing a qualifying engine. The maximum credit allowed per taxpayer per calendar year is \$80,000. Credit certifications are issued by the Oregon Department of Environmental Quality (DEQ).

Beginning with tax year 2008, taxpayers may claim a credit for certified costs incurred in repowering non-road diesel engines or retrofitting non-road and road diesel engines. The credit is equal to 25 percent of the certified cost of a qualifying diesel engine repower, or 50 percent of the certified cost of a qualifying diesel engine retrofit. Qualifying repowers and retrofits are defined by rules adopted by the Environmental Quality Commission, and DEQ certifies costs.