

House Bill 3419

Sponsored by Representative READ

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes exemption from property taxation for buildings and fixtures that meet specified criteria relating to energy efficiency. Applies to tax years beginning on or after July 1, 2011, and before July 1, 2021.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to energy efficiency; creating new provisions; amending ORS 469.080; and prescribing an
3 effective date.

4 **Be It Enacted by the People of the State of Oregon:**

SECTION 1. As used in sections 1 to 3 of this 2011 Act:

5 (1) **"Building" means a residential or nonresidential building.**

6 (2) **"Commercial building" means a building that:**

7 (a) **Is primarily used in the exchange, sale or storage of goods or the provision of ser-**
8 **vices; or**

9 (b) **Has four or more units.**

10 (3) **"Energy efficiency" has the meaning given that term in ORS 455.511.**

11 (4) **"Energy Star program" means the program developed by the United States Environ-**
12 **mental Protection Agency and the United States Department of Energy pursuant to 42 U.S.C.**
13 **6294a.**

14 (5) **"Energy system" includes any heating, cooling, ventilation or lighting system.**

15 (6) **"Unit" means a part of a building that is rented by a tenant or owned by a person**
16 **other than the owner of the building.**

17 **SECTION 2. (1) A building and any fixture that is attached to the building is exempt from**
18 **ad valorem property taxation according to the schedules prescribed by subsections (2) and**
19 **(3) of this section if:**

20 (a) **The building is newly constructed or renovated; and**

21 (b)(A) **For buildings other than commercial buildings, the building is constructed or ren-**
22 **ovated to use an amount of energy that is less than or equal to 50 million British thermal**
23 **units per annum; or**

24 (B) **For commercial buildings:**

25 (i) **The building is constructed to use an amount of energy that is at least 40 percent**
26 **more efficient than the energy efficiency standards adopted by the Director of the Depart-**
27 **ment of Consumer and Business Services pursuant to ORS 455.505 and 455.511; or**

28 (ii) **The renovation replaces or retrofits at least two systems related to energy efficiency**
29 **and the building is renovated to use an amount of energy that is at least 40 percent more**
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NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 efficient than the energy efficiency standards adopted by the director pursuant to ORS
2 455.505 and 455.511.

3 (2)(a) Buildings other than commercial buildings qualify for exemption under this section
4 for:

5 (A) Five tax years if the building is constructed or renovated to use an amount of energy
6 that is less than or equal to 10 million British thermal units per annum;

7 (B) Four tax years if the building is constructed or renovated to use an amount of energy
8 that is more than 10 million British thermal units per annum and less than or equal to 20
9 million British thermal units per annum;

10 (C) Three tax years if the building is constructed or renovated to use an amount of en-
11 ergy that is more than 20 million British thermal units per annum and less than or equal to
12 30 million British thermal units per annum;

13 (D) Two tax years if the building is constructed or renovated to use an amount of energy
14 that is more than 30 million British thermal units per annum and less than or equal to 40
15 million British thermal units per annum; or

16 (E) One tax year if the building is constructed or renovated to use an amount of energy
17 that is more than 40 million British thermal units per annum and less than or equal to 50
18 million British thermal units per annum.

19 (b) In addition to the schedule prescribed by paragraph (a) of this subsection, buildings
20 other than commercial buildings qualify for exemption under this section for:

21 (A) Three additional tax years if the building actually uses an amount of energy that is
22 less than or equal to 25 million British thermal units per annum; or

23 (B) Two additional tax years if the building actually uses an amount of energy that is
24 more than 25 million British thermal units per annum and less than or equal to 50 million
25 British thermal units per annum.

26 (3)(a) Commercial buildings qualify for exemption under this section for:

27 (A) Four tax years if the building is constructed or renovated to use an amount of energy
28 that is at least 50 percent more efficient than the energy efficiency standards adopted by the
29 director pursuant to ORS 455.505 and 455.511; or

30 (B) Three tax years if the building is constructed or renovated to use an amount of en-
31 ergy that is at least 40 percent, but not more than 50 percent, more efficient than the energy
32 efficiency standards adopted by the director pursuant to ORS 455.505 and 455.511.

33 (b) In addition to the schedule prescribed by paragraph (a) of this subsection, commercial
34 buildings qualify for exemption under this section for:

35 (A) Three additional tax years if the commercial building actually uses an amount of
36 energy that is at least 40 percent more efficient than the energy efficiency standards adopted
37 by the director pursuant to ORS 455.505 and 455.511; or

38 (B) Two additional tax years if the commercial building actually uses an amount of en-
39 ergy that is at least 30 percent, but not more than 40 percent, more efficient than the energy
40 efficiency standards adopted by the director pursuant to ORS 455.505 and 455.511.

41 (4) In addition to the schedules prescribed by subsections (2) and (3) of this section, en-
42 ergy systems that are installed in a renovated building that is exempt from ad valorem
43 property taxation under this section qualify for:

44 (a) Six years of additional exemption if the energy system uses an amount of energy that
45 is at least 50 percent more efficient than the replaced energy system; or

1 (b) Five years of additional exemption if the energy system uses an amount of energy
 2 that is at least 40 percent, but not more than 50 percent, more efficient than the replaced
 3 energy system.

4 **SECTION 3.** (1) In accordance with ORS chapter 183, the State Department of Energy,
 5 in consultation with the Department of Revenue and the Department of Consumer and
 6 Business Services, shall adopt rules by which a person may apply for an exemption to ad
 7 valorem property taxation under section 2 of this 2011 Act.

8 (2) To verify the amount of energy that a newly constructed or renovated building is
 9 designed to use, or the actual amount of energy that an energy system uses, the State De-
 10 partment of Energy may:

11 (a) Reference any schedule or rule promulgated in conjunction with the Energy Star
 12 program;

13 (b) Require certification by a professional engineer; or

14 (c) Notwithstanding the purposes listed in ORS 469.080 (1), obtain and use data under ORS
 15 469.080.

16 (3) To verify the actual amount of energy that a newly constructed or renovated building
 17 uses, the department may:

18 (a) Require certification by a professional engineer; or

19 (b) Notwithstanding the purposes listed in ORS 469.080 (1), obtain and use data under
 20 ORS 469.080.

21 **SECTION 4.** (1) Sections 1 to 3 of this 2011 Act apply to tax years beginning on or after
 22 July 1, 2011, and before July 1, 2021.

23 (2) Notwithstanding subsection (1) of this section, a building that qualifies for an ex-
 24 emption under section 2 of this 2011 Act on or before July 1, 2021, continues to qualify for
 25 the duration of that exemption as specified in section 2 of this 2011 Act after July 1, 2021.

26 **SECTION 5.** ORS 469.080 is amended to read:

27 469.080. (1) The Director of the State Department of Energy may obtain all necessary informa-
 28 tion from producers, suppliers and consumers of energy resources [*within Oregon, and from political*
 29 *subdivisions in this state, as necessary to carry*] **that do business or are located in this state and**
 30 **from political subdivisions of this state for the purpose of carrying** out ORS 176.820, 192.501
 31 to 192.505, 192.690, 469.010 to 469.225, 469.300 to 469.563, 469.990, 469.992, 757.710 and 757.720. Such
 32 information may include, but is not [*be*] limited to:

33 (a) Sales volume;

34 (b) Forecasts of energy resource requirements;

35 (c) Inventory of energy resources; [*and*]

36 (d) Local distribution patterns of information under paragraphs (a) to (c) of this subsection; **and**

37 **(e) Energy usage data of utility customers.**

38 (2) In obtaining information under subsection (1) of this section, the director, with the written
 39 consent of the Governor, may subpoena witnesses, material and relevant books, papers, accounts,
 40 records and memoranda, administer oaths, and may cause the depositions of persons residing within
 41 or without Oregon to be taken in the manner prescribed for depositions in civil actions in circuit
 42 courts, to obtain information relevant to energy resources.

43 (3) In obtaining information under this section, the director:

44 (a) Shall avoid eliciting information already furnished by a person or political subdivision in this
 45 state to a federal, state or local regulatory authority that is available to the director for such study;

1 and

2 (b) Shall cause reporting procedures, including forms, to conform to existing requirements of
3 federal, state and local regulatory authorities.

4 (4) Any person who is served with a subpoena to give testimony orally or in writing or to
5 produce books, papers, correspondence, memoranda, agreements or the documents or records as
6 provided in ORS 176.820, 192.501 to 192.505, 192.690, 469.010 to 469.225, 469.300 to 469.563, 469.990,
7 469.992, 757.710 and 757.720, may apply to any circuit court in Oregon for protection against abuse
8 or hardship in the manner provided in ORCP 36 C.

9 **SECTION 6. This 2011 Act takes effect on the 91st day after the date on which the 2011**
10 **session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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