

A-Engrossed
House Bill 3606

Ordered by the House June 8
Including House Amendments dated June 8

Sponsored by Representatives BREWER, BAILEY, Senator TELFER

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.

For purposes of allowance of tax credits for energy facilities, provides that first year in which transferee may claim tax credit is tax year in which transferee files completed application for final certification **or, in case of certain credits for renewable energy facilities, year in which transferee pays for credit, if later. Applies to final certifications issued on or after January 1, 2010.**

For certain applications, provides that application for final certification shall be considered final without identification of transferee. Provides that amount of federal grant received by taxpayer reduces amount of total cost of facility rather than certified cost of facility. Clarifies that taxpayers and other eligible applicants may participate in both tax credit program and low interest, government-sponsored loans. **Makes administrative changes to provisions related to tax credits for energy facilities. Applies to tax years beginning on or after January 1, 2009, and any tax year for which taxpayer may file amended return or for which Department of Revenue may issue notice of deficiency.**

[Applies to applications for final certification filed on or after January 1, 2010.]

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to tax credits for energy facilities; creating new provisions; amending ORS 315.354, 315.356
3 and 469.220; and prescribing an effective date.

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

5 **SECTION 1.** ORS 315.354, as amended by section 3, chapter 76, Oregon Laws 2010, is amended
6 to read:

7 315.354. (1) A credit is allowed against the taxes otherwise due under ORS chapter 316 (or, if
8 the taxpayer is a corporation, under ORS chapter 317 or 318), based upon the certified cost of the
9 facility during the period for which that facility is certified under ORS 469.185 to 469.225. The credit
10 is allowed as follows:

11 (a) Except as provided in paragraph (b) or (c) of this subsection, the credit allowed in each of
12 the first two tax years in which the credit is claimed shall be 10 percent of the certified cost of the
13 facility, but may not exceed the tax liability of the taxpayer. The credit allowed in each of the
14 succeeding three years shall be five percent of the certified cost, but may not exceed the tax liability
15 of the taxpayer.

16 (b) If the certified cost of the facility does not exceed \$20,000, the total amount of the credit
17 allowable under subsection (4) of this section may be claimed in the first tax year for which the
18 credit may be claimed, but may not exceed the tax liability of the taxpayer.

19 (c) If the facility uses or produces renewable energy resources or is a renewable energy re-
20 source equipment manufacturing facility, the credit allowed in each of five succeeding tax years

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 shall be 10 percent of the certified cost of the facility, but may not exceed the tax liability of the
2 taxpayer.

3 (2) Notwithstanding subsection (1) of this section:

4 (a) If the facility is one or more renewable energy resource systems installed in a single-family
5 dwelling, the amount of the credit for each system shall be determined as if the facility was con-
6 sidered a residential alternative energy device under ORS 316.116, but subject to the maximum
7 credit amount under subsection (4)(b) of this section;

8 (b) If the facility is a high-performance home, the amount of the credit shall equal the amount
9 determined under paragraph (a) of this subsection plus \$3,000; and

10 (c) If the facility is a high-performance home or a homebuilder-installed renewable energy sys-
11 tem, the total amount of the credit may be claimed in the first tax year for which the credit is
12 claimed, but may not exceed the tax liability of the taxpayer.

13 (3) In order for a tax credit to be allowable under this section:

14 (a) The facility must be located in Oregon;

15 (b) The facility must have received final certification from the Director of the State Department
16 of Energy under ORS 469.185 to 469.225;

17 (c) The taxpayer must be an eligible applicant under ORS 469.205 (1)(c); and

18 (d) If the alternative fuel vehicle is a gasoline-electric hybrid vehicle not designed for electric
19 plug-in charging, it must be purchased before January 1, 2010.

20 (4) The total amount of credit allowable to an eligible taxpayer under this section may not ex-
21 ceed:

22 (a) 50 percent of the certified cost of a renewable energy resources facility, a renewable energy
23 resource equipment manufacturing facility or a high-efficiency combined heat and power facility;

24 (b) \$9,000 per single-family dwelling for homebuilder-installed renewable energy systems;

25 (c) \$12,000 per single-family dwelling for homebuilder-installed renewable energy systems, if the
26 dwelling also constitutes a high-performance home; or

27 (d) 35 percent of the certified cost of any other facility.

28 (5)(a) Upon any sale, termination of the lease or contract, exchange or other disposition of the
29 facility, notice thereof shall be given to the Director of the State Department of Energy, who shall
30 revoke the certificate covering the facility as of the date of such disposition.

31 (b) The new owner, or upon re-leasing of the facility, the new lessor, may apply for a new cer-
32 tificate under ORS 469.215. The new lessor or owner must meet the requirements of ORS 469.185 to
33 469.225 and may claim a tax credit under this section only if all moneys owed to the State of Oregon
34 have been paid, the facility continues to operate, unless continued operation is waived by the State
35 Department of Energy, and all conditions in the final certification are met. The tax credit available
36 to the new owner shall be limited to the amount of credit not claimed by the former owner or, for
37 a new lessor, the amount of credit not claimed by the lessor under all previous leases.

38 (c) The State Department of Energy may not revoke the certificate covering a facility under
39 paragraph (a) of this subsection if the tax credit associated with the facility has been transferred
40 to a taxpayer who is an eligible applicant under ORS 469.205 (1)(c)(A).

41 *[(d) A transferee holding a credit that has been transferred under ORS 469.206 or 469.208 may not*
42 *claim the tax credit under this section for any tax year prior to the tax year in which the transferee*
43 *obtained the credit.]*

44 (6) Any tax credit otherwise allowable under this section that is not used by the taxpayer in a
45 particular year may be carried forward and offset against the taxpayer's tax liability for the next

1 succeeding tax year. Any credit remaining unused in that next succeeding tax year may be carried
 2 forward and used in the second succeeding tax year, and likewise, any credit not used in that second
 3 succeeding tax year may be carried forward and used in the third succeeding tax year, and likewise,
 4 any credit not used in that third succeeding tax year may be carried forward and used in the fourth
 5 succeeding tax year, and likewise, any credit not used in that fourth succeeding tax year may be
 6 carried forward and used in the fifth succeeding tax year, and likewise, any credit not used in that
 7 fifth succeeding tax year may be carried forward and used in the sixth succeeding tax year, and
 8 likewise, any credit not used in that sixth succeeding tax year may be carried forward and used in
 9 the seventh succeeding tax year, and likewise, any credit not used in that seventh succeeding tax
 10 year may be carried forward and used in the eighth succeeding tax year, but may not be carried
 11 forward for any tax year thereafter. Credits may be carried forward to and used in a tax year be-
 12 yond the years specified in subsection (1) of this section only as provided in this subsection.

13 (7) The credit provided by this section is not in lieu of any depreciation or amortization de-
 14 duction for the facility to which the taxpayer otherwise may be entitled for purposes of ORS chapter
 15 316, 317 or 318 for such year.

16 (8) The taxpayer's adjusted basis for determining gain or loss may not be decreased by any tax
 17 credits allowed under this section.

18 (9) If a homebuilder claims a credit under this section with respect to a homebuilder-installed
 19 renewable energy system or a high-performance home:

20 (a) The homebuilder may not claim credits for both a homebuilder-installed renewable energy
 21 system and a high-performance home with respect to the same dwelling;

22 (b) The homebuilder must inform the buyer of the dwelling that the homebuilder is claiming a
 23 tax credit under this section with respect to the dwelling; and

24 (c) The buyer of the dwelling may not claim a credit under this section that is based on any
 25 facility for which the homebuilder has already claimed a credit.

26 (10) The definitions in ORS 469.185 apply to this section.

27 **SECTION 2.** ORS 315.356 is amended to read:

28 315.356. (1) If a taxpayer obtains a grant from the federal government in connection with a fa-
 29 cility that has been certified by the Director of the State Department of Energy, the [*certified*] **total**
 30 cost of the facility shall be reduced on a dollar for dollar basis. Any income or excise tax credits
 31 that the taxpayer would be entitled to under ORS 315.354 and 469.185 to 469.225 after any reduction
 32 described in this subsection may not be reduced by the federal grant. A taxpayer applying for a
 33 federal grant shall notify the Department of Revenue by certified mail within 30 days after each
 34 application, and after the receipt of any grant.

35 (2) A taxpayer, **or an applicant who is otherwise eligible**, is eligible to participate in both this
 36 tax credit program and low interest, government-sponsored loans.

37 (3) A taxpayer who receives a tax credit or property tax relief on a pollution control facility
 38 or an alternative energy device under ORS 307.405, 315.304 or 316.116 is not eligible for a tax credit
 39 on the same facility or device under ORS 315.354 and 469.185 to 469.225.

40 (4) A credit may not be allowed under ORS 315.354 if the taxpayer has received a tax credit on
 41 the same facility or device under ORS 315.324.

42 **SECTION 3.** ORS 469.220, as amended by section 13, chapter 76, Oregon Laws 2010, is amended
 43 to read:

44 469.220. [(1)] (1)(a) A certificate issued under ORS 469.215 is required for purposes of obtaining
 45 tax credits in accordance with ORS 315.354. Such certification shall be granted for a period not to

1 exceed five years. The five-year period shall begin with the tax year of the applicant during which
2 the completed application for final certification of the facility under ORS 469.215 is received by the
3 State Department of Energy.

4 *[(2) Notwithstanding subsection (1) of this section, for a facility using or producing renewable en-
5 ergy resources with a certified cost that exceeds \$10 million and that receives final certification under
6 ORS 469.215 after January 1, 2010, the five-year period shall begin with the tax year immediately fol-
7 lowing the tax year during which the completed application for final certification of the facility under
8 ORS 469.215 is received by the department.]*

9 **(b) For a transferee holding a credit that has been transferred under ORS 469.206 or
10 469.208, the five-year period shall begin with the tax year in which the transferee pays for
11 the credit.**

12 **(2) Notwithstanding subsection (1) of this section, for a facility using or producing
13 renewable energy resources with a certified cost that exceeds \$10 million and that receives
14 final certification under ORS 469.215 after January 1, 2010:**

15 **(a) The five-year period prescribed in subsection (1)(a) of this section shall begin with the
16 tax year immediately following the tax year during which the completed application for final
17 certification of the facility under ORS 469.215 is received by the department.**

18 **(b) If claimed by a transferee, the first of five tax years in which the transferee may
19 claim the credit is the tax year in which the transferee paid for the credit or the tax year
20 prescribed in paragraph (a) of this subsection, whichever is later.**

21 **(c) An application shall be considered complete without the identification of a transferee
22 for purposes of ORS 469.206 or 469.208.**

23 **SECTION 4. (1) The amendments to ORS 315.354 and 315.356 by sections 1 and 2 of this
24 2011 Act apply to tax years beginning on or after January 1, 2009, and any tax year for which
25 a taxpayer may file an amended return or for which the Department of Revenue may issue
26 a notice of deficiency.**

27 **(2) The amendments to ORS 469.220 by section 3 of this 2011 Act apply to final certif-
28 ications issued under ORS 469.215 on or after January 1, 2010.**

29 **SECTION 5. This 2011 Act takes effect on the 91st day after the date on which the 2011
30 regular session of the Seventy-sixth Legislative Assembly adjourns sine die.**

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