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# MEMORANDUM

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**To:** Members of the Ways and Means Subcommittee on Natural Resources

**From:** Michelle Deister, Legislative Fiscal Office  
(503) 986-1817

**Date:** May 30, 2013

**Subject:** HB 5012 – Relating to financial administration of the State  
Department of Energy  
Work Session Recommendations

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HB 5012 ratifies fees that were established in the interim for services related to evaluation and processing of tax credit “pass-throughs” related to the Business Energy Tax Credit (BETC) Program established during the interim. The measure has an emergency clause and is effective on passage.

The measure and the preliminary Joint Committee on Ways and Means staff measure summary, are available on the Oregon Legislative Information System (OLIS).

The measure previously had public hearings in the Natural Resources Subcommittee in conjunction with the Department of Energy’s budget bill, HB 5011.

HB 5012 relates to Business Energy Tax Credit program pass-through fees. Ratifying these fees is consistent with the cost-recovery ethic governing the Department’s other incentive programs. These fees are associated with evaluating requests to pass through Business Energy Tax Credit program. The department still has more than 140 active BETC applications that require review and processing before the June 30, 2014, sunset. There will also be residual work to ensure compliance after the sunset and to work with project owners who want to transfer their credits to eligible parties, and if requested, for locating eligible parties to receive tax credits.

## **Amendment**

The attached amendment corrects omissions in the bill draft, allowing for a fee for each tax certificate transferred.

## **Motion #1: Move the -1 amendment to HB 5012.**

## **Measure as Modified**

The measure, as amended, is recommended to be moved to the full Committee on Joint

Ways and Means.

**Motion #2: Move HB 5012 to the full committee with a “do pass” recommendation, as amended.**

**Assignment of Carriers**

Full: \_\_\_\_\_  
2nd Chamber: \_\_\_\_\_

Joint Committee on Ways and Means

Carrier – House: Rep.  
Carrier – Senate: Sen.

Revenue:

Fiscal:

Action:

Vote:

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Michelle Deister, Legislative Fiscal Office

**Meeting Date:** [Full Committee Meeting Date]

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**WHAT THE MEASURE DOES:** HB 5012 ratifies fees established during the interim for services related to evaluation and matching requests for passing through Business Energy Tax Credit certificates to eligible recipients.

**ISSUES DISCUSSED:**

- Fee structure and cost recovery for the Energy Incentive Programs
- The process through which the Department arrived at the amounts of various fee increases
- Energy Incentive Program fee amounts versus fee increases ratified in HB 5012.

**EFFECT OF COMMITTEE AMENDMENT:** The -1 amendment corrects omissions in the original bill draft, by including a \$100 fee for each tax certificate transferred.

**BACKGROUND:** HB 3672 (2011) accelerated the sunset of the Business Energy Tax Credit (BETC) program, changed the Residential Energy Tax Credit program by adding a third-party solar component, modified the Biomass Producer and Collector Tax Credit, and established three new limited tax credit and grant programs. HB 4079 (2012) made additional changes to the new programs, which are dramatically different from the BETC program. As a result, the Department oversees a more complex program that includes caps for various incentives that must be tracked against applications. Specifically related to the fees in HB 5012, the volume of BETC tax credits is greater than anticipated, as project owners seek to close out their projects and sell their tax credits in anticipation of the program's 2014 sunset date.

HB 5012-2  
(LC 9012)  
5/31/13 (TR/ps)

**PROPOSED AMENDMENTS TO  
HOUSE BILL 5012**

1 Delete line 18 of the printed bill and insert:  
2 “(3) Tax credit transfer fee ..... \$ 200, plus  
3 \$100 per tax  
4 certificate”.  
5 \_\_\_\_\_