MEASURE: HB 2894 B
EXHIBIT: 2
Senate Finance and Revenue 77th Session
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SUBMITTED BY: M. Bock

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To: Senate Committee on Finance and Revenue

From: Maureen Bock
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Subject: House Bill 2894 B-Engrossed

Introduction

HB 2894 B-Engrossed amends the energy incentives created by HB 3672 (2011) as amended by HB 4079 (2012). The bill makes changes to the conservation and transportation credits without increasing the cap for either program.

What the bill does

This bill changes two of the energy incentives created in 2011. For conservation tax credits, it raises the cost limits on small premium conservations projects that do not receive a preliminary certification from $20,000 to $50,000. This streamlined process, which only requires an informational filing to reserve a credit, was established in HB 3672.

It also changes the transportation tax credit program. It provides credits for alternative fuel projects rather than just for alternative fuel vehicle infrastructure. This change allows people to get tax credits for replacing their fleets with alternative fuel vehicles. This change will occur for tax year 2015.

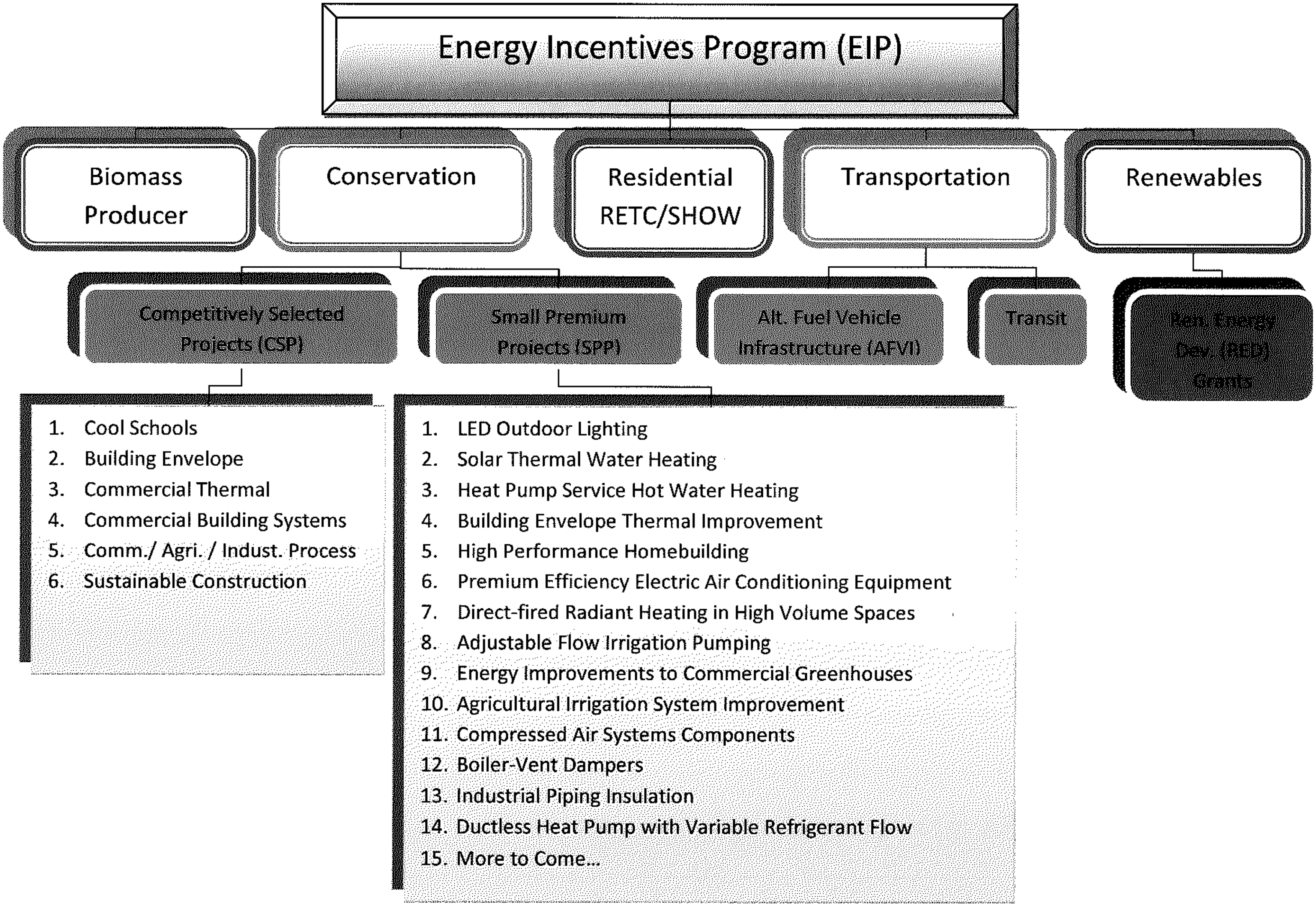
Discussion

When HB 3672 was enacted, it directed the department to create a streamlined process for some conservation projects with project costs up to $20,000, which could result in tax credits of up to $7,000. These project owners submit an informational filing, which reserves their credit. Generally, these projects do not require custom engineering and have easily identifiable energy savings. The change to raise the cap on projects that do not require a preliminary certification will allow more projects to use this streamlined path. It means that eligible projects could receive tax credits of up to $17,500. This program provides greater predictability in determining when the credit will be issued and used. This is because the small premium projects must be completed within one year following the date of the informational filing. The resulting tax credit is a one-year credit.

This bill also makes changes to the transportation credits. It provides an incentive for acquisition of alternative fueled vehicle fleets. This will allow businesses to acquire or replace gasoline or diesel powered vehicles with alternative fueled vehicles. These vehicles generally cost more than their gas or diesel-powered equivalents. The definition of alternative fuel vehicle is the same as that used in ORS 470.050, which is what defines alternative fuel vehicles for the purposes of the Small Scale Energy Loan Program. This is important, as there may be tax credit applicants who would want to use both programs. Adding alternative fueled vehicles as transportation projects under the existing cap of $20 million per biennium provides an incentive that may create critical mass to ensure the ongoing viability of alternative fuel infrastructure projects, such as compressed natural gas and propane fueling stations.

<u>Summary</u>

HB 2894 B-Engrossed amends the tax incentive programs adopted under HB 3672 (2011) as amended by HB 4079 (2012). It raises the cap for small premium projects from $20,000 to $50,000 and provides an incentive for acquiring alternative fuel vehicle fleets. Please support HB 2894 B-Engrossed.



Energy Incentives Program (EIP)
Biomass Producer
Conservation
Residential RETC/SHOW
Transportation
Renewables
Competitively Selected Projects (CSP)
Small Premium Projects (SPP)
Alt. Fuel Vehicle Infrastructure (AFVI)
Transit
Ren. Energy Dev. (RED) Grants
1. Cool Schools
2. Building Envelope
3. Commercial Thermal
4. Commercial Building Systems
5. Comm./ Agri. / Indust. Process
6. Sustainable Construction
1. LED Outdoor Lighting
2. Solar Thermal Water Heating
3. Heat Pump Service Hot Water Heating
4. Building Envelope Thermal Improvement
5. High Performance Homebuilding
6. Premium Efficiency Electric Air Conditioning Equipment
7. Direct-fired Radiant Heating in High Volume Spaces
8. Adjustable Flow Irrigation Pumping
9. Energy Improvements to Commercial Greenhouses
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11. Compressed Air Systems Components
12. Boiler-Vent Dampers
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14. Ductless Heat Pump with Variable Refrigerant Flow
15. More to Come...