

**77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
HOUSE REVENUE COMMITTEE**

**MEASURE: HB 2894 - B
CARRIER: Rep. Bailey**

**REVENUE: Revenue Impact Statement Issued
FISCAL: Minimal Fiscal Impact**

Action: Do Pass as Amended and be Printed Engrossed
Vote: 7-2-0
Yeas: Bailey, Bentz, Berger, Conger, Read, Vega Pederson, Barnhart
Nays: Davis, Gelser
Exc.: 0

Prepared By: Chris Allanach, Economist
Meeting Dates: 4/24; 5/21

WHAT THE BILL DOES: Increases the cap on certified facility costs for conservation projects that are eligible for the informational filing system (rather than the certification process) from \$20,000 to \$50,000. Adds the acquisition of alternative fuel vehicle fleets to the definition of transportation projects. Applies to tax years beginning on or after January 1, 2014 except for the definition change in transportation projects, which applies to tax years beginning on or after January 1, 2015.

ISSUES DISCUSSED:

- Administration of the tax credits created in 2011
- The transformation of the Business Energy Tax Credit program
- Types of conservation projects affected by the small project cap
- The current program cap on tax credits
- The policy of making fleet vehicles eligible for the tax credit

EFFECT OF COMMITTEE AMENDMENTS: Removes the language that would modify the transportation project tax credit from a five-year tax credit to a one-year tax credit. Removes the language that would have changed the tax credit time period for research and development projects.

BACKGROUND: The conservation and transportation tax credits were created by the Legislature in 2011 as part of the Business Energy Tax Credit (BETC) restructuring. Qualifying energy conservation projects are eligible for a credit equal to 35 percent of certified projected costs; the credit is taken over five years with 10 percent claimed in the first two years and five percent over the remaining three years. Projects that cost less than \$20,000 are not subject to the certification process and may be claimed in one year. A maximum of \$28 million in conservation credits may be certified each biennium. The transportation credits are of a similar nature and consist of either transit projects or alternative fuel vehicle infrastructure projects. The former are scheduled to be phased out by 2016.

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