

77TH OREGON LEGISLATIVE ASSEMBLY
2013 REGULAR SESSION
STAFF MEASURE SUMMARY
SENATE FINANCE AND REVENUE COMMITTEE

MEASURE: HB 2894 - C
CARRIER: Sen. Burdick

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

Action: Do Pass with Amendments to the B-Eng Bill. (Printed C-Eng.)

Vote: 3-2-0

Yeas: Hass, Rosenbaum, Burdick

Nays: Baertschiger, George

Exc.: 0

Prepared By: Chris Allanach, Economist

Meeting Dates: 6/5; 6/10

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 \$40,000 if a certified contractor is used. Grants rulemaking authority to the Department of Energy for the definition of 'certified contractor'. Adds the acquisition of alternative fuel vehicle fleets to the definition of transportation projects. The change to the conservation credit applies to tax years beginning on or after January 1, 2014. The change to the transportation credit applies to tax years beginning on or after January 1, 2015.

ISSUES DISCUSSED:

- Administration of the tax credits created in 2011
- Current quality control measures within the conservation tax credit program
- Impact of changes on weatherization projects
- The potential role of certified contractors

EFFECT OF COMMITTEE AMENDMENTS: Changes the new cap on small conservation credits from \$50,000 to \$40,000 and requires the use of a certified contractor. Grants rulemaking authority to the Department of Energy for the definition of 'certified contractor'. Makes a technical correction to the applicability clauses.

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, which are capped at \$20 million per biennium, are of a similar nature and consist of either transit projects or alternative fuel vehicle infrastructure projects. The tax credit for transit projects is scheduled to be phased out by 2016.

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