

**TESTIMONY ON HB 2449
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OREGON FOREST INDUSTRIES COUNCIL
HOUSE ENERGY AND ENVIRONMENT COMMITTEE
March 5, 2015**

The Oregon Forest Industries Council represents over 50 large forest landowners and forest products manufacturers in Oregon who are renewable energy pioneers. We support HB 2449 with the dash 1 through 4 amendments which provide incentives for expanded renewable energy opportunities and markets in Oregon.

Key elements of the bill include:

Clarifies and aligns the definition of woody biomass

Makes definition of woody biomass consistent within the program and with other statutes.

Extends the program to 2021

It has been said that Oregon is the “Saudi Arabia of biomass.” It is true that there are massive amounts of woody biomass, particularly on federal forestlands, that need to be dealt with. Removing this excess biomass and utilizing it for energy production can: (1) restore forest health, (2) reduce the risk of increasingly frequent wildfire conflagrations – with all the attendant adverse environmental and economic consequences, and (3) keep energy dollars in Oregon, working in rural communities to create economic opportunity and jobs. Extending this program, with the inclusion of the dash 4 amendments, is a critical piece in making these activities economically feasible and creating a triple win for Oregonians.

Restores the tax credit rate for woody biomass to its original level (-4 amendments)

Predictability is of paramount importance to business owners when evaluating investment opportunities. In 2011 the tax credit for woody biomass was cut in half by reducing the rate from \$10/wet ton to \$10/bone dry ton. Companies who had made plans and investment decisions based on the expectation that the rate would not change were left holding the bag, and utilization of the tax credit for woody biomass has declined by over 80% as a result. The current tax credit rate is insufficient to promote woody biomass collection at the scope and scale that is needed. The dash 4 amendment would restore the tax credit back to its original level – \$20/bone dry ton is equivalent to \$10/wet ton – and provide a level of support and predictability necessary to achieve the desired policy outcomes.

Creates an energy production-based pilot program

While the current program is important, providing an incentive for bioenergy production rather than biomass collection is potentially a more efficient and productive means of achieving the goals of this program. Piloting this approach to evaluate its efficacy makes sense in looking towards this transition.

In closing OFIC strongly supports passage of HB 2449 with the dash1 through dash 4 amendments.