



Date: March 20, 2015  
RE: HB 2627 – Proposed Amendment Outline

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The Oregon Department of Energy has reviewed HB 2627. This memo characterizes the department's recommendations and analysis of the bill for an amendment to HB 2627. The department recommends refining the scope of the study to the department's programs and performing an economic impact analysis and benefit-cost analysis study. Bold indicates existing bill language. Red sections below indicate additions to the existing text. Strikethroughs indicate sections of the bill that recommended to be removed in the amendment.

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**The Legislative Assembly finds that it is in the interest of the state to promote research and assessment of state energy incentive and loan programs; and the Legislative Assembly finds that this assessment will assist the Legislature in better aligning the state's programs with energy policy and to ensure taxpayers are receiving the best value for their investment.**

*Proposed Content Changes: The department suggests a policy statement detailing the purpose of the study in HB 2627.*

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**SECTION 1. (1) The State Department of Energy shall hire a third party contractor to conduct an economic impact analysis and benefit-cost analysis study of the State of Oregon's ~~return on its investments in past and current incentive and loan programs adopted by the state to support clean energy generation, renewable energy generation and energy efficiency~~ to support the development of renewable energy, alternative transportation fuels, and energy efficiency. For the period beginning July 1, 2007, and ending June 30, 2014, the department shall:**

*Proposed Content Changes: The department requests the addition of language which would require it to hire a third-party contractor to complete the analysis. Changes could be made to the type of analysis that is required: from a return on investment study to an economic impact analysis and benefit-cost analysis for specific programs under the department's authority. References to clean energy generation, renewable energy generation, and energy efficiency could be removed from the bill. Development of renewable energy, alternative transportation fuels, and energy efficiency better describes the characteristics of the department's incentives and loan programs.*

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**(a) Identify, summarize and quantify all investments that the state has made, ~~through both direct government expenditures and tax expenditures,~~ in programs adopted by the state to support clean energy generation, renewable energy generation or energy efficiency; Department programs that ~~the development of renewable energy, alternative transportation fuels, and~~**

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**energy efficiency under ORS 469B.100 – 469B.118, 469B.130 – 469B.171, 469B.250 – 469B.265, 469B.270 – 469B.306, 469B.320 – 469B.347, 469B.403, 315.141, 315.144, 469.673 – 469.683, 469.960 – 469.966, 470.050 – 470.815.**

*Proposed Content Changes: The department requests additional language to ensure that the department’s loan programs are included. Other changes reflect amendments from the previous section. The department programs included in the analysis are:*

- *Business Energy Tax Credit (BETC)*
- *Residential Energy Tax Credit (RETC)*
- *Energy Conservation Tax Credit*
- *Transportation Tax Credit*
- *Renewable Energy Development Grants (RED)*
- *Biomass Producer or Collector Tax Credit*
- *State Home Oil Weatherization (SHOW)*
- *State Energy Loan Program (SELP)*
- *Alternative Fuel Vehicle Revolving Loan Fund*

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**(b) Assess the state’s return on investment for each program economic impact, costs, and benefits to the state for each program listed in section (1)(a).**

*Proposed Content Changes: Amendments reflect changes from previous section.*

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**(c) Develop an employment impact per dollar invested methodology.**

**(d) Standardized data collection and reporting for the department’s incentives and loan programs.**

*Proposed Content Changes: Add subsections (c) and (d).*

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**SECTION 2. In determining the ~~return on the state’s investment~~ economic impact, costs and benefits to each program identified in Section 1 in each clean energy generation, renewable energy generation or energy efficiency program identified under this section, the department may consider a variety of factors that may include but not be limited to:**

*Proposed Content Changes: Amendments reflect changes from previous section.*

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**Subsection (b)-(e); (g)-(j) Delete.**

**(a) The total costs associated with the program.**

**(b) Eligible project costs.**

**(c) Projected total cost of projects who received funding under the program.**

- (d) Impacts on employment.**
- (e) The total tax benefit to the state anticipated to be received from state and local taxes.**
- (f) Energy conservation and efficiency in the form of energy savings.**
- (g) The reductions in carbon emissions achieved through the program.**
- (h) Infrastructure improvements related to projects.**
- (i) Industry development and market transformation.**
- (j) Other benefits, costs or impacts identified by the department.**

*Proposed Content Changes: Subsection deletion and include language listed above.*

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~~**(3) The department shall consult with other state agencies as necessary to complete the study required under this section.**~~

*Proposed Content Changes: Section deletion.*

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~~**(4) Based on the results of the study conducted under this section, the department shall identify and establish standard criteria for future assessments of investments that the state makes in programs adopted by the state to support clean energy generation, renewable energy generation and energy efficiency. The department will report on the study's progress during the 2016 legislative session.**~~

*Proposed Content Changes: Add additional language that has the department reporting on the progress during the short session.*

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**(5) The department shall report the results of the study ~~conducted and the criteria established under this section~~ to the Seventy-ninth Legislative Assembly not later than February 1, 2017~~8~~.**

**The report shall include:**

- (a) A literature review of other state incentive programs and best practices,**
- (b) Findings on best practices and lessons learned from the department's incentive programs,**
- (c) Information on how best to leverage funds with other incentive programs,**
- (d) Any obstacles encountered in the administration of the program, and**
- (e) Standard criteria for future assessments and investments in energy incentive programs. ~~recommendations for opportunities to maximize the return on future investments in state programs to support clean energy generation, renewable energy generation or energy efficiency.~~**

*Proposed Content Changes: Provide the department an additional year to complete the study. Add additional requirements and move existing requirements from section 4 into this section.*

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**SECTION 2. Section 1 of this 2015 Act is repealed on January 2, 2019~~8~~.**

*Proposed Content Changes: Making changes to when the Act is repealed to allow adequate time.*

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