



HB 2447 & HB 2448 Energy Program Changes and Sunset Extensions

Testimony for the House Revenue Committee, David Roth 4.7.2015

Please remove the sunset extensions from these two bills, and advance the policy changes.

In 2009 the Legislature, with HB 2067, established a schedule and process for tax credit review, by putting many of Oregon's tax credits on a sunset schedule. The law grouped similar tax credits and established a six year cycle of review.

Under this plan, the tax credits being discussed in HB 2447 and 2448 are not scheduled for sunset or review this legislative session. For that reason, neither the Legislative Revenue Office nor organizations like Tax Fairness Oregon have evaluated them. Many in the advocacy community and the department are new to the process and may be unaware of the reason for the sunset schedule.

We have no issues with the changes to the programs in these bills, and especially like the re-certification required of \$1 million + projects found in HB 2448 and the market-driven analysis of appropriate subsidy level in HB 2447. But we believe amendments should remove their sunset extensions for two reasons.

- 1) It would subvert the review process and the intention of the law. Processing an extension of a sunset out of its scheduled time means that the tax credit won't get the deep review to which the sunsets were meant to subject our tax credits. It takes these programs, which cost something over \$51 million a biennium, it out of the appropriate review process, which includes analysis by the additional LRO staff position the legislature has provided for the tax expenditure review process.
- 2) HB 2627 asks for a study of the efficiency and ROI of our energy programs. The bill is currently being amended. Clearly the benefits of this study should be available prior to any extension of the sunsets.

In the past other advocates for other tax credits have asked to have their sunsets extended out of the review cycle, and the legislature has generally said "No."

Separate from the sunset extensions in HB 2447 and 2448, however, there are significant, effective and efficient policy changes in the bills that deserve your positive consideration.

We urge you to support the policy changes in HB 2447 and HB 2448, but to eliminate the sunset extensions.

We read the bills and follow the money