

April 21, 2015

**THE ASSOCIATION OF OREGON COUNTIES &
THE COMMUNITY RENEWABLE ENERGY ASSOCIATION
SUPPORT HOUSE BILL 3492**

The Association of Oregon Counties (AOC) and the Community Renewable Energy Association (CREA) support of HB 3492.

The proposal before you today has been carefully crafted with AOC's involvement so that assessors in the various counties with solar energy development projects can administer the assessment and taxation process when the developer of the project works with the county and elects to pay a fee in lieu of taxes. The development would not be centrally assessed, but instead be assessed locally.

To date, we have few solar energy development projects in Oregon. This bill is an attempt to simplify and provide taxation certainty – a key element for siting and financing of renewable energy development for the parts of the state that are prime territory for such development. Currently, the owners of projects that are in place and those being developed usually work with the counties to establish an agreement for a rural renewable energy development abatement (similar to an enterprise zone abatement) that may run 3-5 years before the project is fully assessed at its depreciated value.

Under this proposal, the project would begin operation and be placed on the tax rolls immediately upon completion, under contract to pay the \$7,000/mw fee in lieu of taxes for up to 20 years, depending on the agreement with the county. No other abatement would be allowed if the fee-in-lieu of tax alternative is chosen. The bill establishes that the fee is to be distributed by the same formula as under regular property taxation. The bill also has established protection for possible lapses in an agreement by a developer.

Both AOC and CREA have been highly supportive of community-scale renewable energy projects because they are of a size that can be owned, established, and operated locally, providing a higher level of economic impact to the community in which it is operated. The solar energy projects related to this proposal are by their very nature community-scale in size – 10 mw or less.

Perhaps in the future, other kinds of renewable energy resources could be “taxed” in a similar way, but further analysis would be necessary to establish the level of fee, size of project, length of time, etc. This proposal is a good step in 2015 toward creating more solar renewable energy in Oregon and a great opportunity for economic development in rural areas of this state.

Please contact Mary Stern at mstern@ocweb.org for more information about AOC or this issue.