



2449A Biomass Subsidies

Testimony for House Revenue, Jody Wisler

Like Film and Video advocates, the biomass businesses and sponsoring agency, the Department of Energy, want more money and a sunset extension, out of cycle with the review process. There are three bills this department asking for an early sunset extension.

One of the goals of TFO is to create a tax environment that will increase public confidence. Moving this bill forward with the sunset extended will not build public confidence. A tax system is at peril when the public no longer trusts the integrity of the system.

While there are elements of the bill that deserve action, we recommend that you amend out the sunset extension itself, and every other sunset extension that is out of cycle that comes to you. To do otherwise subverts the process.

To the rest of the bill: the mechanisms for more flexibility in adjusting the subsidy amounts that are in the bill and other elements in the first portion of the bill make sense, and could be approved. The new pilot program, however, raises questions.

This is the same department that oversaw the Oregon University System/Solar City's alleged abuse of the solar incentive, projects now under investigation by both federal investigators and the Oregon Department of Justice, [according to the Oregonian](#). At issue, evidently, are both the extraordinarily expensive charges for the arrays and the projects being built outside the time line required by the program. Until allegations are resolved, it seems imprudent to give the department a new pilot program to administer.

Further, the bill gives the pilot a cap of \$15 million per biennium, with \$48 million available before the proposed sunset. Logically, the pilot would cause a contraction of use of the current biomass program that it would at least partially replace. But biomass tax credit claims in 2013 were only \$3.5 million. Pilot programs should be smaller than current programs, not twice the size. Thus, if you let the pilot proceed, a cap of \$2 million a year might be in order for the pilot.

Further we wonder when these biomass programs will become self-supporting. Clearly adjusting rates moves in that direction, but so ever so slowly. Recycling of restaurant cooking oil and grease, for instance, has been subsidized for quite some time. Will restaurants ever be required to recycle oils so that customers not the General Fund bear the cost? Is becoming self-sustaining a goal for any biomass program components?