

## PRELIMINARY STAFF MEASURE SUMMARY

## House Committee On Revenue

**Fiscal:** May have fiscal impact, but no statement yet issued

**Revenue:** May have revenue impact, but no statement yet issued

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**Action Date:**

**Action:**

**Meeting Dates:** 04/01

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**WHAT THE MEASURE DOES:**

Establishes exemption for qualifying new property or new improvements to property that increase energy efficiency of property or reduce greenhouse gas emissions from property. New or improvements to property must qualify for any form of tax relief or rate-payer incentives in Oregon or improvements to property must improve a property's home energy performance score. For commercial buildings, new or improvements to property must qualify as energy conservation measures. Specifies calculation for amount of exemption. Requires Department of Revenue to adopt rules for administration of exemption. Applies to property tax years beginning on or after July 1, 2016.

**ISSUES DISCUSSED:**

- Impact of potential exemption on investment amount in "green" property investment and return on that investment
- Administrative costs and requirements for assessors, forms required, etc.
- Expected amendments being drafted with input from county assessors
- Impact upon revenues
- Benefit to Clean Energy Works
- Lack of sideboards and qualification of energy efficient items
- Potential benefit to data centers
- Qualification of replacing oil furnace with heat pump
- Determination of ten year exemption time period
- Effect of other incentives related to "green" investment (credits, rebates, etc.) and need for additional incentive
- Possibility of exempting schools from exemption, i.e. include opt-out clause.

**EFFECT OF COMMITTEE AMENDMENT:**

-1 Replaces Content of Measure

Establishes exemption for qualifying new property or new improvements to property that increase energy efficiency of property or reduce greenhouse gas emissions from property. New or improvements to property must qualify for any form of tax relief or rate-payer incentives in Oregon or improvements to property must improve a property's home energy performance score. For commercial buildings, new or improvements to property must qualify as energy conservation measures. Specifies calculation for amount of exemption. Establishes exemption only in counties with population of 650,000 or more. To qualify for exemption, requires energy efficient improvements to be constructed or installed on property built before 2008. Requires application for first year of exemption to be made prior to construction or installation. Requires Department of Revenue to adopt rules for administration of exemption. Applies to property tax years beginning on or after July 1, 2016. Applications for exemption may not be filed for tax years beginning on or after July 1, 2022. FISCAL: Has minimal fiscal impact REVENUE: Revenue impact issued

**BACKGROUND:**

Under existing law, "new property or new improvements" to property are added to the roll based upon the real market value of the property multiplied by the applicable change property ratio. Property considered "minor construction" is not added to the roll. Minor construction are additions of real property improvements, the real market value of which does not exceed \$10,000 in any year or \$25,000 made over five years.

Examples of ratepayer incentives include: lighting, water heating, weatherization, heating, appliances, energy efficient showerheads and energy saver kits

Examples of energy related tax relief include: Tax deductions, subtractions and credits

Commercial energy conservation measures include but are not limited to: improved operation and maintenance measures, energy use analysis procedures, lighting system improvements, heating, ventilating and air conditioning system modifications, furnace and boiler efficiency improvements, automatic control systems including wide dead band thermostats, heat recovery devices, infiltration controls, envelope weatherization, solar water heaters and water heating heat pumps.