

**PRELIMINARY STAFF MEASURE SUMMARY****House Committee On Revenue****Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Action Date:****Action:****Meeting Dates:** 04/28**Prepared By:** Chris Allanach, Senior Economist**WHAT THE MEASURE DOES:**

Moves the sunset date for the biomass tax credit from January 1, 2018 to January 1, 2024. Creates a pilot program to base the biomass tax credit on energy production; contains a biennial cap of \$12 million for the pilot program. Disallows a tax credit under both the existing biomass and new pilot programs. Reorganizes biomass statutes. Grants rule-making authority to the Department of Energy to define additional criteria or characteristics of biomass eligible for the biomass tax credit. Clarifies statute pertaining to the Department of Energy's authority to establish fees to cover administrative costs for the tax credit program. Requires the agricultural producer or biomass collector to hold title to the eligible biomass at the time of delivery to a biofuel producer. Reduces the incentive for used cooking oil from \$0.10/gallon to \$0.05/gallon beginning in 2016. Creates an incentive of \$5/wet ton for food processing residues and food waste beginning in 2016. Reduces the incentive for animal manure from \$5/wet ton to \$2/wet ton beginning in 2018. Increases the incentive for woody biomass from \$10/bone dry ton to \$15/bone dry ton beginning in 2018. Authorizes the Department of Energy to adopt rules to adjust incentive rates annually, up to 25 percent of their existing value. Directs the department to consider market conditions for each feedstock with adjusting rates. Requires the department to submit a biennial report to the Legislature on the effectiveness of the tax credit for the promotion of bioenergy production. Requires the Legislative Revenue Officer to submit a report to the 2019 Legislature on the two tax credits contained in this bill.

**ISSUES DISCUSSED:****EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

The existing tax credit for the production or collection of biomass was created in 2007. The biomass material must be sourced within Oregon and must be used as biofuel or to produce biofuels in Oregon. To claim the tax credit, taxpayers must be certified by the Department of Energy. The amount of the tax credit depends on the biomass material. According to the Tax Expenditure Report, roughly 200 taxpayers claimed the tax credit in 2012 with a total cost of \$3 million. The average credit for full-year filers was just under \$15,000.