

STAFF MEASURE SUMMARY

House Committee On Energy and Environment

Fiscal: Fiscal impact issued**Revenue:** Revenue impact issued**Action Date:** 04/16/15**Action:** Do Pass As Amended, Be Printed Engrossed, And Bill Be Referred To Revenue.**Meeting Dates:** 04/16**Vote:**

Yeas: 7 - Bentz, Boone, Heard, Helm, Johnson, Reardon, Vega Pederson

Nays: 2 - Holvey, Weidner

Prepared By: Beth Patrino, Committee Administrator

WHAT THE MEASURE DOES:

Modifies tax credit for category one alternative energy device that uses solar radiation for domestic water heating, to allow tax credit based on 50 percent of device cost or first year energy yield in kilowatt hours per year multiplied by \$2, whichever is lower, up to \$6,000. Modifies tax credit for category one alternative energy device that uses solar radiation for swimming pool heating, to allow tax credit based on 50 percent of device cost or first year energy yield in kilowatt hours per year multiplied by 20 cents, whichever is lower, up to \$2,500. Authorizes Oregon Department of Energy by rule to provide lesser amount of incentive for both devices as market conditions warrant. Stipulates total amount of tax credit may not exceed tax liability of taxpayer or \$1,500 for each device, whichever is less. Allows unused credits to be carried over to subsequent tax years for no more than five years. Applies measure provisions to devices certified on or after September 1, 2015 and tax years beginning on or after January 1, 2015. Takes effect on 91st day after adjournment of 2015 regular session of Seventy-eighth Legislative Assembly.

ISSUES DISCUSSED:

- Declining number of installations of solar water heaters
- Differences in state incentives for solar electric photovoltaic (PV) and solar thermal water heater systems
- Roof space requirements for solar hot water systems versus solar PV systems

EFFECT OF COMMITTEE AMENDMENT:

Replaces measure.

BACKGROUND:

The Oregon Residential Energy Tax Credit Program (RETC) allows a tax credit for purchase of certain energy efficiency items, called “alternative energy devices.” “Category one alternative energy devices” include systems that use solar energy for space heating or water heating; ground source heat pumps or geothermal systems; a wind-powered device used to offset or supplement electricity; equipment used in the production of alternative fuels; generators powered by alternative fuels and used to produce electricity; an energy-efficient appliance; and premium efficiency wood or pellet stoves. “Category two alternative energy devices” include solar electric, wind electric, and fuel cell systems. House Bill 3344A would modify the tax credit for solar hot water heaters.