

STAFF MEASURE SUMMARY

House Committee On Revenue

Fiscal: Has minimal fiscal impact**Revenue:** Revenue impact issued**Action Date:** 05/14/15**Action:** Do Pass As Amended, Be Printed Engrossed, And Bill Be Referred To Tax Credits.**Meeting Dates:** 04/07, 05/14**Vote:**

Yeas: 8 - Barnhart, Davis, Johnson, Lininger, Read, Smith Warner, Vega Pederson, Whitsett

Exc: 1 - Bentz

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WHAT THE MEASURE DOES:

Modifies the tax credit cap calculation for category one alternative energy devices. For alternative fuel devices, the cap would be the lesser of 50 percent of the cost of the device or \$750. (The cap in current law is based on 25% of the cost.) For all other category one devices, the cap would be the lesser of 50 percent of the cost of the device or \$1,500. (The cap in current law does not include a cost calculation.) Expands rulemaking authority for the Department of Energy to reduce incentive levels according to market conditions. Applies to certifications granted and tax years beginning on or after January 1, 2016. Removes obsolete provisions for alternative fuel vehicle tax credits and repeals statutes pertaining to alternative fuel stations. Revises solar rating and certification standard used by the Department of Energy.

ISSUES DISCUSSED:

- Interaction with other incentives
- Sunset extension
- Timing of sunset
- Process for determining ideal incentive level
- Staffing levels for program administration

EFFECT OF COMMITTEE AMENDMENT:

Removes the sunset extension.

BACKGROUND:

The Oregon Residential Energy Tax Credit (RETC) was created in 1977, creating a financial incentive for investments in a variety of energy efficiency devices. Collectively, they are separated into category one and category two devices. Category one 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 devices include solar electric, wind electric, and fuel cell systems.