

FISCAL IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

Measure: HB 2680

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Defines systems that use waste heat to produce energy as renewable energy production systems for which applicants may receive grants from State Department of Energy to install or construct.

Government Unit(s) Affected:

Department of Energy, Department of Revenue(DOR)

Analysis:

HB 2680 extends the sunset on the renewable energy development contributions tax credit, from January 1, 2018 to January 1, 2024. Additionally, the bill amends the definition of “renewable energy production system” to include “waste heat.”

The Oregon Department of Energy (ODOE) phased out a total of 0.88 FTE in their 2017-19 current service level budget in anticipation of the renewable energy development contributions tax credit’s sunset on January 1, 2018. Extension of the sunset of the renewable energy development contribution tax credit would require the FTE to be retained within the Department. Personal Services costs for the administration of the tax credit are estimated to be \$183,859 for both the 2017-19 and 2019-21 biennia. Associated services and supplies costs are estimated to be \$3,350 for both the 2017-19 and 2019-21 biennia.

In addition to staff, information technology upgrades to the Department’s databases would be required. The Department cannot continue to adequately administer energy tax credit programs with its current information technology capability. The extension of the renewable energy development contributions tax credit, or any other energy tax credits currently administered by the Department, would require information technology upgrades to improve tracking and reporting capabilities. ODOE estimates Other Funds costs of \$746,770 for the 2017-19 biennium, including \$178,770 for a full-time Information Systems Specialist 5 position (1.00 FTE) and associated services and supplies costs, ongoing database licensing of \$100,000, and one-time development costs of \$468,000. The proposed information technology upgrades are applicable to the extension of any energy tax credit currently scheduled for sunset on January 1, 2018. The ultimate scope of the data system and total cost will be dependent on the combined impact of the tax credit programs extended.

The renewable energy development contributions tax credit is, by statute, a cost recovery program. Application fees charged to participants will be set at a point which expenditures are fully recovered, including the program’s respective share of indirect costs allocated through ODOE’s federally-approved indirect cost recovery model.

There is anticipated to be no fiscal impact to the Department of Revenue.