

# RESIDENTIAL ENERGY TAX CREDIT PROGRAM



OREGON  
DEPARTMENT OF  
ENERGY

The residential energy tax credit program sunsets at the end of tax year 2017. The Oregon Department of Energy does not support the extension of RETC and the program should be allowed to sunset as scheduled.

RETC promotes residential energy savings, energy displacement, and market transformation by providing personal income tax credits to Oregonians who purchase energy efficient devices and renewable energy systems for their homes. The program was designed to help offset Oregon's energy load growth needs with conservation and renewable resources.

The RETC program benefits homeowners, renters, and landlords statewide who upgrade or purchase energy efficient devices and renewable energy systems with personal income tax credits and energy savings or displacement. Oregon homeowners, renters, and landlords also benefit from lowered energy use and improved building performance.

## BACKGROUND

The RETC program was created in 1977 by SB 339. As new energy-saving technologies have come on the market, the Legislature has expanded the tax credit program to encourage their adoption. Similarly, products have been removed from the RETC program as market options have become more efficient and mainstream, completing the consumer adoption cycle.

In the last 20 years, the program's statutes were amended over 10 times. Some of the major changes include:

- SB 892 (1997) added eligibility for alternative fuel devices, such as alternative fuel vehicles and fueling stations, and energy efficient appliances such as washers, refrigerators and dishwashers.
- SB 31 (2005) increased the solar electric tax credit to \$6,000 but limited the credit to 50 percent of the total installed cost. Only \$1,500 of the credit could be claimed in a single tax year.
- HB 3201 (2007) increased the tax credit for wind and fuel cells up to \$6,000 with only up to \$1,500 claimed each tax year. Highly efficient wood and pellet stoves were also added to the RETC program.
- HB 2078 (2009) ended the tax credit for gasoline-electric hybrid vehicles.
- HB 3527 (2011) removed eligibility for alternative fuel vehicles, dishwashers, refrigerators, clothes washers, and air conditioners. HB 3672 gave ODOE authority to adjust incentive rates for solar photovoltaic based on market conditions and added eligibility for third-party installed devices.
- HB 2171 (2015) modified the RETC program by placing an incentive cap of 50 percent of the eligible cost on all devices and provided ODOE rulemaking authority to lower RETC incentives by device based on market conditions. HB 2171 also increased the tax credit amounts for solar thermal domestic water heating and swimming pool heating devices.

## STATUTE:

[ORS 316.116](#)

[ORS 469B.100 – 469B.118](#)

## RULES:

[OAR 330-070](#)

## WEBSITE:

<http://www.oregon.gov/energy/At-Home/Pages/RETC.aspx>

[RETC 2017 Rate Chart](#)

## PROGRAM FUNCTION

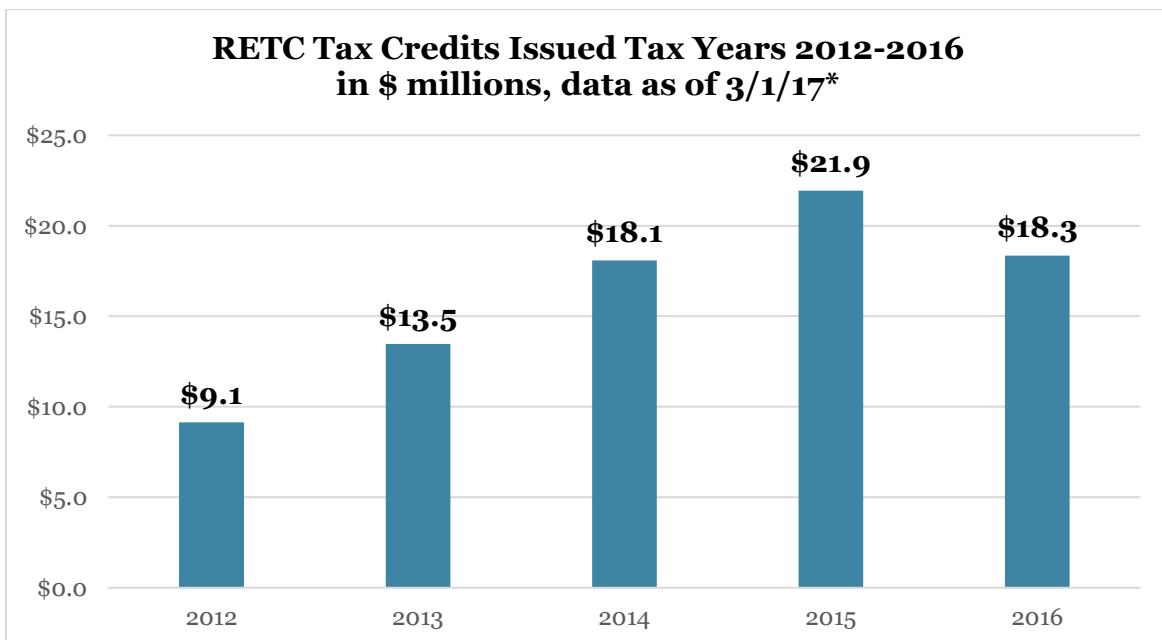
ODOE offers a set of prescribed personal income tax credit incentives for eligible devices that homeowners or renters can purchase and install in their primary or secondary residence located in Oregon. Eligible devices, appliances, and systems have changed over time to adapt to changes in energy use and market conditions.

Tax credits are based on the first year energy savings or production, but limited by 50 percent of the device cost or \$1,500 to \$6,000, depending on the device. Credits over \$1,500 must be claimed over multiple years, with no more than \$1,500 claimed per year per device. All devices have to meet eligibility requirements set in rule.

Annually, ODOE reviews market conditions for eligible devices to determine if tax credit rates are appropriate. ODOE received this authority for solar photovoltaic and fuel cell devices starting in 2012 and for the rest of the program's devices starting in 2016. ODOE considers energy savings, other available incentives, price of the device, installation costs, and market penetration when determining rates. Through a rulemaking process, ODOE reviews the findings with stakeholders to make tax credit rate adjustments for the following year.

Applicants may sell their RETC tax credits to others with a personal income liability at the present value uniform discount rates set in rule.

The Department of Revenue administers tax laws which also govern the issuance and claiming of tax credits. ODOE defers to the Department of Revenue when addressing issues of how the tax credit may be claimed. ODOE provides data regarding tax credits issued to the Department of Revenue.



\*Data as of 3/1/17, tax year 2016 applications are still being submitted and processed.

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## RETC Tax Year 2015 Tax Credits Issued by Device Type

Tax Year 2015 is the last complete tax year of data.

Data is provided by the tax year in which the credit could be first claimed.

Data as of 3/1/17

<b>RETC Eligible Device</b>	<b>Average Tax Credit Amount</b>	<b># Credits Issued</b>
Electric heat pump water heater	\$748	794
Tankless gas water heater	\$242	284
Storage gas water heater	\$175	19
Direct vent gas fireplace	\$387	1,055
Gas furnace	\$395	4,102
Air-source ducted heat pump	\$600	2,180
Ductless heat pump (mini-split)	\$1,179	5,165
Duct sealing	\$250	685
Whole house ventilation (HRV/ERV)	\$436	11
Waste water heat recovery	No Applications	0
Geothermal heat pump and upgrade	\$771	78
Wood & pellet stoves	\$642	592
Solar space heating	\$1,500	2
Solar water heating	\$3,816	11
Alternative fuel charging station	\$268	160
Solar pool/spa heating	\$1,621	35
Solar electric (photovoltaic)	\$5,837	1,899
Wind system	No Applications	0
Fuel cell	No Applications	0