

BIOMASS PRODUCER OR COLLECTOR TAX CREDIT PROGRAM



OREGON
DEPARTMENT OF
ENERGY

The Biomass Producer or Collector (BPC) program sunsets at the end of tax year 2017 for all eligible feedstocks, except animal manure and rendering offal that sunset at the end of tax year 2021 program. The Oregon Department of Energy does not support the extension of this tax credit and the program should be allowed to sunset as scheduled.

The BPC tax credit offers a tax credit for biomass that is produced or collected in Oregon and used as biofuel or to produce biofuel in Oregon. Since 2010, ODOE has administered a certification process for BPC tax credits. To be eligible for the tax credit, the applicant must be a biomass collector or an agricultural producer. The specific types of eligible biomass and applicable credit rates are in statute.

STATUTE:

[ORS 315.141 and 315.144](#)

[ORS 469B.403](#)

RULES:

[OAR 330-170](#)

WEBSITE:

www.oregon.gov/energy/At-Work/Pages/Biomass-Tax-Credits.aspx

BACKGROUND

The BPC tax credit program was established as part of HB 2210 (2007). The original BPC program was administered by the Department of Revenue. In 2009, HB 2078 transferred the administrative responsibility for BPC tax credit from the Department of Revenue to ODOE and established a certification program. ODOE began administering the program in 2010.

In 2011, HB 3672 extended the BPC tax credit program until the end of tax year 2017, changed the basis for the tax credit rate for woody biomass effectively reducing it by 50 percent, and eliminated yard debris and municipally generated food waste. In 2012, HB 4079 codified in statute that only one tax credit could be provided for each unit of biomass material. In 2013, HB 3367 eliminated canola collected or produced in the Willamette Valley.

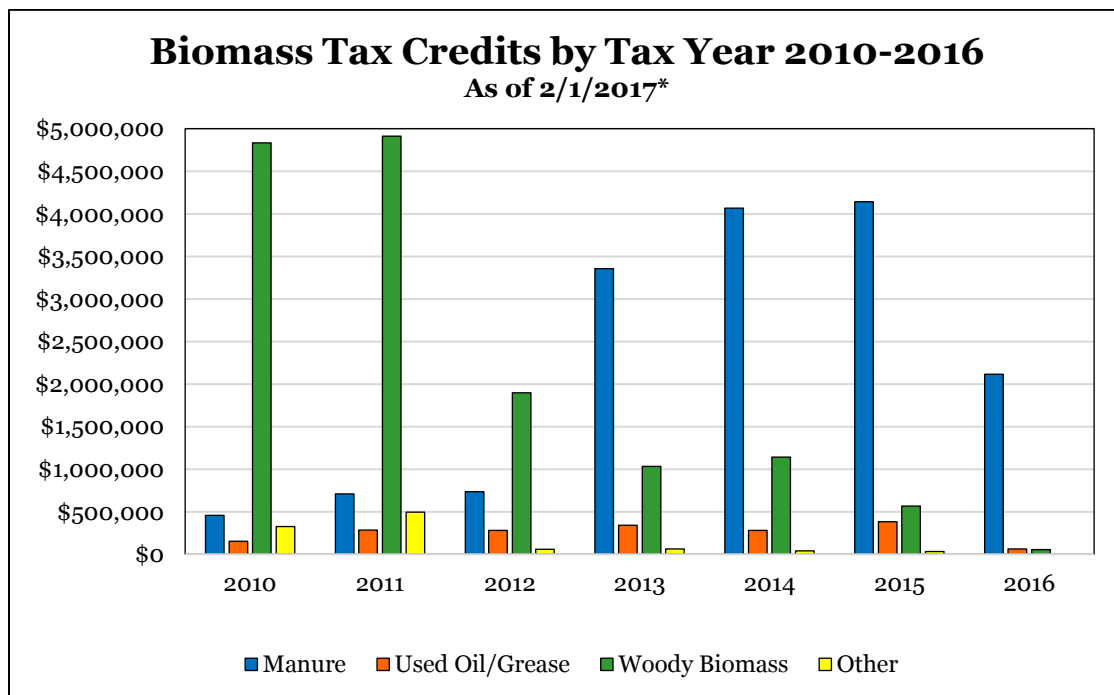
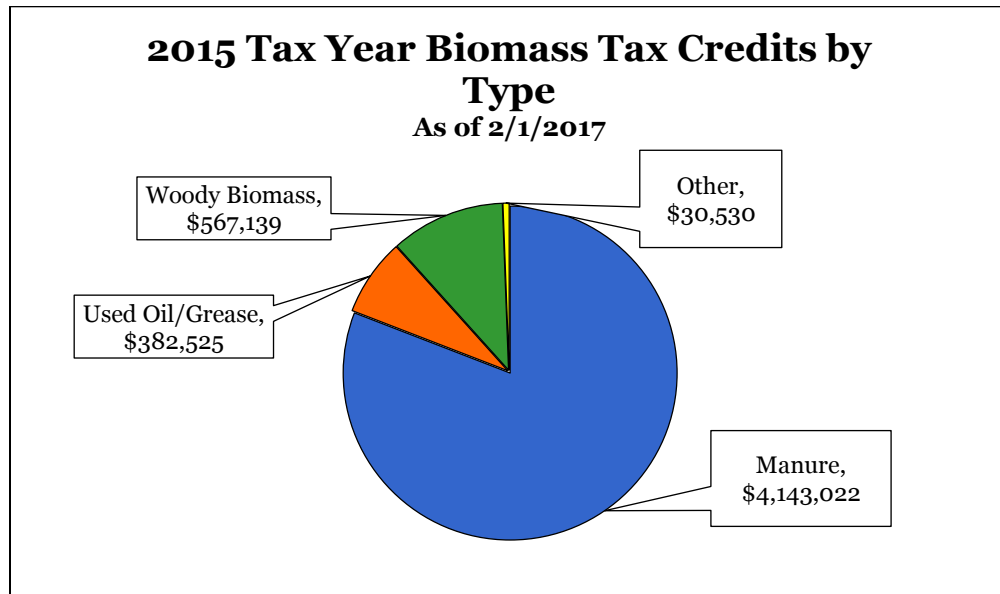
In 2016, SB 1507 extended the tax credit sunset for animal manure and rendering offal through the end of tax year 2021; and, it reduced the tax credit rate for animal manure and rendering offal from \$5.00 to \$3.50 per wet ton beginning January 1, 2016. The bill added revocation authority for the BPC tax credit program, back to January 1 2007.

PROGRAM FUNCTION

Biomass collectors or agricultural producers may receive a tax credit for collecting or producing certain types of biomass material in Oregon that is delivered for use as feedstock for bioenergy or biofuel production in Oregon. Applications are submitted to ODOE after the material has been delivered. ODOE reviews applications for compliance with program requirements and issues a tax credit certification per unit of eligible biomass material provided in the application. Only entities with tax liability are eligible to apply for the BPC tax credit.

Applicants may use the tax credit themselves or transfer the tax credit. Statute directs ODOE to set a minimum discount value at which the tax credit may be transferred, which is currently 90 percent. The transfer process is administered by the Department of Revenue; ODOE has no role in the transfer of the tax credit.

ODOE has issued more than \$30 million in tax credits for the production, collection, and use of biomass materials under this program. The tax credits have been provided for over 1.4 million tons of woody biomass; over 2.7 million tons of animal manure; over 17.5 million gallons of used cooking oil/waste grease; and over 56,000 tons of vegetative biomass. These totals do not include tax credits issued by the Department of Revenue prior to ODOE administering the program in 2010.



*Data as of 2/1/17, tax year 2016 applications may still be submitted and processed.

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