

SB 177 STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

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Sub-Referral To: Joint Committee On Tax Credits

Meeting Dates: 4/17

WHAT THE MEASURE DOES:

Extends sunset of tax credit for construction or installation of residential alternative energy devices from 2018 to 2024.

NOTE: MEASURE HAS SUBSEQUENT REFERRAL TO COMMITTEE ON TAX CREDITS

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

[-1 amendment, requested] Requires Oregon Department of Energy (ODOE) to take steps to ensure that: use of tax credit addresses rising cost of fossil fuels, need for energy conservation and economic feasibility of alternative forms of energy; promotes energy savings or energy displacement and transformation facilitates taxpayer actions that would not be taken if tax credit was not available; taxpayers applying are from varying demographics; and use coordinates with use of other available incentives. Requires ODOE to report on operation of tax credit to Legislative Assembly committee on revenue by March 31 of each odd numbered year. Establishes requirements for what report should describe.

FISCAL:

REVENUE:

BACKGROUND:

The Residential Energy Tax Credit (RETC) is a credit against personal income taxes for constructing or installing an energy saving device in a residence. The amount of the credit depends on the type of device and the energy savings or yield. Generally, the tax credit amount is the least of: the installed capacity or energy yield/savings multiplied by a dollar value set in statute; 50 percent of the device or installed device cost; or a dollar amount set in statute, which is \$1,500, \$2,500, or \$6,000. An exception to this structure are home charging and alternative fuel stations, where the tax credit is 50 percent of the eligible device cost up to \$750. The Department of Energy reports that since inception the program has provided 570,000 tax credits worth \$172 million that saved enough energy to serve about 400,000 households for a year. Currently, RETC beneficiaries primarily use the credit for installing energy-efficient heat pumps, furnaces and solar photovoltaic panels. The Department of Revenue estimates the credit cost the state \$26.0 million in the 2013-15 biennium, and will cost \$31.5 million in 2015-17. The tax credit is scheduled to sunset on December 31, 2017.

Senate Bill 177 extends sunset of tax credit for construction or installation of residential alternative energy devices from 2018 to 2024.