

Advocates for the West
Affiliated Tribes of Northwest Indians
AirWorks, Inc.
Alaska Housing Finance Corporation
Alliance to Save Energy
Allumia
Alternative Energy Resources Organization
American Rivers
A World Institute for a Sustainable Humanity
Beneficial State Bank
BlueGreen Alliance
Bonneville Environmental Foundation
Centerstone
Citizens' Utility Board of Oregon
City of Ashland
City of Seattle Office of Sustainability & Environment
Climate Solutions
Community Action Center of Whitman County
Community Action Partnership Assoc. of Idaho
Community Action Partnership of Oregon
Drive Oregon
Earth and Spirit Council
Earth Ministry
Ecova
eFormative Options
Emerald People's Utility District
Energy Savvy
Energy Trust of Oregon
Environment Oregon
Environment Washington
HEAT Oregon
Home Performance Guild of Oregon
Home Performance Washington
Housing and Comm. Services Agency of Lane Co.
Human Resources Council, District XI
Idaho Clean Energy Association
Idaho Conservation League
Idaho Rivers United
Interfaith Network for Earth Concerns
League of Women Voters Idaho
League of Women Voters Oregon
League of Women Voters Washington
Montana Audubon
Montana Environmental Information Center
Montana Renewable Energy Association
Montana River Action
National Center for Appropriate Technology
Natural Resources Defense Council
New Buildings Institute
Northern Plains Resource Council
Northwest Energy Efficiency Council
NW Natural
NW SEED
OneEnergy Renewables
Opower
Opportunities Industrialization Center of WA
Opportunity Council
Oregon Energy Coordinators Association
Oregon Environmental Council
Oregonians for Renewable Energy Policy
OSEIA
Pacific Energy Innovation Association
Pacific NW Regional Council of Carpenters
Portland Energy Conservation Inc.
Portland General Electric
Puget Sound Advocates for Retired Action
Puget Sound Cooperative Credit Union
Puget Sound Energy
Renewable Northwest
Save Our wild Salmon
Sea Breeze Power Corp.
Seattle Audubon Society
Seattle City Light
Seinergy
Sierra Club
Sierra Club, Idaho Chapter
Sierra Club, Montana Chapter
Sierra Club, Washington Chapter
Small Business Utility Advocates
Smart Grid Northwest
Snake River Alliance
Solar Installers of Washington
Solar Oregon
Solar Washington
South Central Community Action Partnership
Southeast Idaho Community Action Partners
Spokane Neighborhood Action Partners
Sustainable Connections
The Climate Trust
The Energy Project
UCONS, LLC
Union Of Concerned Scientists
United Steelworkers of America, District 12
US Green Building Council, Idaho Chapter
Washington Environmental Council
Washington Local Energy Alliance
Washington State Department of Commerce
Washington State University Energy Program
YMCA Earth Service Corps



June 2, 2017

Chairs Hass and Barnhart and Members of the Joint Committee on Tax Credits
Oregon State Capitol
Salem, OR 97301

Re: HB 2681 and SB 177

Dear Chair Helm and Members of the Committee,

On behalf of the NW Energy Coalition, I am writing to express our strong support for HB 2681 and SB 177 pertaining to the Residential Energy Tax Credits. Extension of the RETC will allow it to continue to save Oregonian's money, improve indoor air quality in homes and workplaces throughout the state, enhance economic activity and support jobs, and achieve significant greenhouse gas reductions.

The NW Energy Coalition is an alliance of about 100 environmental, civic and human service organizations, progressive utilities and businesses in Oregon, Washington, Idaho, Montana and British Columbia. We promote development of renewable energy and energy conservation, consumer protection, low-income energy assistance, and fish and wildlife restoration on the Columbia and Snake rivers.

The Residential Energy Tax Credit is a well-run, popular program with Oregon residents. The purpose of the RETC is to promote residential energy savings and to transform the market for high-efficiency equipment by encouraging the purchase of energy efficient devices and renewable energy systems. It has an important role in reducing greenhouse gas emissions across the state.

Started as a response to the energy crises in the 1970's, the RETC is a credit against personal income taxes for constructing or installing an energy saving device in a residence. Currently, RETC beneficiaries primarily use the credit for installing energy efficiency heat pumps, furnaces and solar photovoltaic panels. The Department reported in 2016 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 year¹.

The RETC saves homeowners and renters money by encouraging efficient use of electricity and natural gas. Incentive programs encouraging energy efficiency and renewables are an effective and important tool for stimulating investment, especially for homeowners and landlords. Residents from every county in the state have benefited from this program. In 2015 the state issued over 14,000 tax credits for energy efficiency, which allowed Oregonians to cut their utility bills by \$2.5 million/yearⁱⁱ.

Energy efficiency is an important component of our state economy. Investments in energy efficiency create and sustain a workforce of over 40,000 jobs statewideⁱⁱⁱ; 70% of these are small businesses with 11 employees or fewer^{iv}. Investments in energy efficiency also result in financial savings that are spent elsewhere in our economy, resulting in an increase to Oregon's gross domestic product of over \$350 million/year^v.

Residential tax credits serve a critical role in some rural areas of the state as the only incentive source for certain energy efficiency and solar investments. In other areas, the RETC leverages other investments in energy efficiency including incentives from the Energy Trust of Oregon, public utilities and Federal Investment Tax Credits. In fact, a number of incentives offered by the Energy Trust of Oregon could be reduced or eliminated if the Residential Energy Tax Credits expire, including gas water heaters, gas furnaces and ductless heat pumps.

By stimulating efficient use of electricity and natural gas in our build environment, RETC leads to significant greenhouse gas reductions that are essential to meeting our state GHG reduction goals. Saving energy use in buildings is one of the least cost ways to achieve emissions reductions – often with a negative abatement cost due to the financial savings over the life of these measures.

The Residential Energy Tax Credit program works well and has been improved over time by the Oregon Legislature. Most recently, in 2015, the Legislature extended authority to Oregon Department of Energy to enable adjustments, by rule, to all RETC incentive rates based on market conditions. This allows ODOE to ensure tax credits reflect the most effective level of investment. For example, ODOE has reduced the incentive for heat pump water heaters from the prior rate of \$0.60 cents per first year energy savings to \$0.30 for tier one and \$0.49 for tier two devices.

The addition this year of clear principles and metrics to guide the program will improve it further and allow it to increase its value and impact to Oregonians across the state.

Thank you for the opportunity to provide comments on HB 2681. We urge you to support the extension of the Residential Energy Tax Credit program.

Sincerely,



Wendy Gerlitz
Policy Director

ⁱ Oregon Legislature, Tax Credit Review: 2017 Session, Research Report #2-17, February 8, 201

ⁱⁱ Oregon Department of Administrative Services, Memo to Governor Kate Brown, April 4, 2016

ⁱⁱⁱ US Department of Energy, 2017 US Energy & Jobs Report, State Charts

^{iv} ECONorthwest, The Economic Impacts and Macroeconomic Benefits of Energy Efficiency Programs in Oregon, August 2016

^v Ibid.