



**Testimony to the Joint Committee on Tax Credits
HB 2681 and SB 177
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Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization. We advance innovative, collaborative and equitable solutions to Oregon's environmental challenges for today and future generations.

Oregon Environmental Council strongly supports HB 2681 and SB 177 to extend Oregon's successful Residential Energy Tax Credit. The RETC has served thousands of individuals around the state, aiding them in upgrading buildings to be more comfortable and energy efficient, increasing access to clean energy, and reducing energy bills. It has helped to cut dangerous climate and air pollution, ensuring a healthier Oregon for this and future generations.

The RETC is a tool that is available to Oregonians throughout the state, regardless of the utility that serves them. Residents in every county in Oregon have utilized the program in the last few years. It supports the adoption of efficient lighting, heating, fans and windows, as well as clean energy installation for geothermal, solar, and wind systems. It also supports clean transportation options, such as residential EV charging equipment installation. The RETC has cut energy bills by \$2.5 million in 2015 alone¹ and an estimated \$172 million over the life of the program². The RETC supports Oregon jobs, particularly for small businesses like residential solar installers. The solar industry in Oregon now provides jobs for 4,500 Oregonians. If the state lets the RETC expire, some of those jobs are in jeopardy.

The RETC has kept pace with changes. The program adjusts for changes in technology and decreasing costs to ensure incentives are at the right rate. For example, as solar costs have decreased, the incentive has adjusted downward. This has kept the program fiscally sound.

Energy savings through efficiency and clean energy generation that reduce climate and other air and water pollution benefit all Oregonians. The state has a role providing support for investments that Oregonians make. The RETC helps leverage investments by individuals, utilities and the Energy Trust of Oregon. Without it, many incentives for some of the most efficient and clean technologies are in danger of being cut, such as support for Ductless Heat Pumps.

¹ ECONorthwest, The Economic Impacts and Macroeconomic Benefits of Energy Efficiency Programs in Oregon, August 2016

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

The latter is especially important for indoor and outdoor air quality. OEC served on an interim wood smoke workgroup, pursuant to House Bill 3068 of 2015. The workgroup examined the serious health impacts of wood stove pollution in Oregon, impacts that are particularly serious in Oakridge, Medford, Klamath Falls, Lakeview, and Prineville—areas that are exceeding or are at risk of exceeding fine particulate health standards. The workgroup confirmed the importance of replacing old, highly polluting wood stoves with cleaner options. One of these options is a Ductless Heat Pump. Ductless systems utilize heat pump technology to distribute warm or cool air more quietly and efficiently than traditional electric heaters. This option is especially important in areas of the state that can't convert to a natural gas system because they have no natural gas distribution infrastructure. The workgroup recommended that the state provide a tax credit for the purchase of premium efficiency heating devices, especially in cases where these new heating systems are a replacement for an uncertified wood stove.

For improved health, a stable climate, and energy cost savings beneficial to all Oregonians, we respectfully urge the legislature to extend the RETC for six years with support for HB 2681 and SB 177.