

KATE BROWN
GOVERNOR



**Testimony of Ruchi Sadhir,
Office of Governor Kate Brown**

**House Bill 2681-A
Joint Committee on Tax Credits
June 2, 2017**

Co-Chairs Hass and Barnhart and members of the Committee:

Thank you for the opportunity to provide testimony on House Bill 2681-A.

I'd like to take this opportunity to revisit input that Governor Brown has provided on the topic of energy financial incentives – specifically the Residential Energy Tax Credit – and the administration of such programs in Oregon. One year ago, in a letter to legislative leadership, Governor Brown set out broad guidelines for the future of the Oregon Department of Energy (ODOE). At the time, the Legislature's joint oversight committee was about halfway through a year-long evaluation of the agency and its role in the state. As the Joint Committee on Department of Energy Oversight delved into legacy problems from energy tax credit programs, the Governor enumerated recommendations for ODOE's future, including the legislatively established sunset of these programs and a renewed commitment to the agency's important responsibilities related to Oregon's energy resources and greenhouse gas reduction goals.

Energy tax credits have helped to spur remarkable changes in our state. In the residential sector specifically, the adoption of solar photovoltaics has greatly increased over the past few years, leading to rooftops across Oregon generating renewable energy. Just as importantly, it has contributed mightily to a burgeoning industry, which in turn supports clean energy jobs and the kind of sustainable economic development that we want in Oregon.

Improving our residential energy sector has multiple benefits, from a stronger economy to more diverse, home-grown energy resources to cleaner power. The Governor strongly supports all of these outcomes, and – especially with the lack of leadership we are seeing at the federal level – believes Oregon must be doing everything we can to reduce our greenhouse gas emissions and bolster sustainable, resilient energy resources. For that reason, the Governor supports financial incentives that achieve these important energy and climate change outcomes.

However, serious legacy issues associated with these types of financial incentives continue at the department and the Governor stands by her letter that stated all tax credit programs at the department be allowed to meet their legislatively established sunset at the end of 2017. Over the past few years, the department has done important work rebuilding itself – learning from past mistakes, making continuous improvements to its operations and programs, and investing considerable time on its many programs unrelated to the administration of tax credits. As Oregon reinforces our climate change and energy leadership in the wake of President Trump's withdrawal from the Paris Climate Change Agreement, we need the Department of Energy focused on the challenges of the 21st century, not programs from its past.

There must be a place for state support of financial incentives to combat climate change. As the Governor said last year in her letter, it is critical that state support is founded on efficient use of state resources, with

strong administrative management and – most importantly – defined, measurable goals. I am encouraged that stakeholders have been working on the next generation of financial incentives that support clean energy and combat climate change and look forward to further amendments.

Thank you for your consideration.