

# YES on HB 2072 Extend Biomass Collector Tax Credit

## What is biomass?

Biomass is generated as a byproduct of harvest activities and consists of the non-merchantable slash wood that results from these operations. Recovering woody biomass from the forest floor improves forest health by reducing both unwanted slash and additional fuel hazards.

## Environment and Economic Benefit

By bringing biomass into an energy facility we are able to improve air quality by reducing the amount of slash disposal necessary in the forest. Production of renewable energy and biomass collection for that production provides both an environmental and economic opportunity to put under-utilized material to work in a manner that will benefit Oregon forests, homes and families.



## Current Challenges

Biomass removal is not without its challenges, stemming largely from location. Generally speaking forest biomass is the highest cost material that any biomass facility uses. This stems from several issues including; a) access challenges on winding and sometime steep forest roads for conventional chip vans and trailers, b) distance of timberlands with clean biomass to biomass facilities and c) labor intensive work of collecting, and grinding woody biomass in often rough terrain. This credit helps to offset these high costs, expanding the working circle where biomass plants can access this material.



## Value of Tax Credit

This important tax incentive helps meet Oregonians increasing demand for renewable energy and our State renewable policy goals by incentivizing the collection of materials, stimulating new economic investment and green job opportunities (especially in rural areas), increasing forest health, and increasing energy independence for Oregon by providing clean, home grown sources of heat and electricity. The biomass producer and collector tax credit makes these benefits possible by offsetting the cost to produce, collect, process and transport the biomass material from our forests and fields to an energy

production facility. Without the biomass producer and collector tax credit, less biomass will be diverted from the waste stream to produce renewable energy and the many non-energy benefits.

## Biomass Collector Tax Credit Background

The existing tax credit for the production or collection of biomass was created in 2007. The biomass material must be sourced within Oregon and must be used as biofuel or to produce biofuels in Oregon. To claim the tax credit, taxpayers must be certified by the Department of Energy. The amount of the tax credit depends on the biomass material.