

FISCAL IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

Measure: HB 2681 - A

***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Extends sunset for construction or installation of alternative energy devices.

Government Unit(s) Affected:

Department of Energy, Department of Revenue(DOR)

Analysis:

HB 2681 extends the sunset on the residential energy tax credit program to January 1, 2024. The -1 amendment requires the Oregon Department of Energy (ODOE) to submit a report to the Legislative Assembly regarding various economic aspects of the tax credit program.

ODOE phased out a total of 0.75 FTE in their 2017-19 current service level budget in anticipation of the residential energy tax credit program's sunset on January 1, 2018. Extension of the sunset of the residential energy tax credit program would require those FTE be retained within the Department. Personal Services costs for the administration of the program are estimated to be \$109,705 for both the 2017-19 and 2019-21 biennia. Associated services and supplies costs are estimated to be \$2,856 for both the 2017-19 and 2019-21 biennia. Additionally, the reporting requirement would require ODOE to add an additional position in the 2017-19 and 2019-21 biennia, equivalent to 0.75 and 1.00 FTE respectively. This new position would be classified as an Economist 4. Personal Services costs of this new position are \$170,692 in the 2017-19 biennium and \$209,803 in the 2019-21 biennium. Associated Services and Supplies costs are \$2,856 in the 2017-19 biennium, and \$3,807 in the 2019-21 biennium.

However, the ability of ODOE to track and report on the residential energy tax credit program, as well as other energy tax credits scheduled to sunset January 1, 2018, is beyond the capacity of ODOE's current databases. The extension of the residential energy tax credit program, or any other energy tax credits currently administered by the Department, would require information technology upgrades to improve tracking and reporting capabilities. ODOE estimates Other Funds costs of \$694,770 for the 2017-19 biennium, including \$178,770 for a full-time Information Systems Specialist 5 position (1.00 FTE) and associated services and supplies costs, ongoing database licensing of \$100,000, and one-time development costs of \$416,000. The proposed information technology upgrades applicable to the extension of any energy tax credit currently scheduled for sunset on January 1, 2018. The ultimate scope of the data system and total cost will be dependent on the combined impact of the tax credit programs extended.

There is anticipated to be no fiscal impact to the Department of Revenue.