

HB 2681 A STAFF MEASURE SUMMARY
House Committee On Energy and Environment

Action Date: 04/10/17
Action: Do pass with amendments
and be referred to Tax Credits by prior reference. (Printed A-Eng.)
Vote: 9-0-0-0
Yeas: 9 - Barnhart, Bentz, Helm, Holvey, Johnson, Marsh, Power, Reschke, Smith DB
Fiscal: Fiscal impact issued
Revenue: Revenue impact issued
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WHAT THE MEASURE DOES:

Requires Oregon Department of Energy (ODOE) to take steps to ensure that: use of tax credit for construction or installation of residential alternative energy devices (tax credit) addresses rising cost of fossil fuels, need for energy conservation and economic feasibility of alternative forms of energy; promotes energy savings or energy displacement and transformation; facilitates taxpayer actions that would not be taken if tax credit was not available; taxpayers applying are from varying demographics; and use coordinates with use of other available incentives. Requires ODOE to report on operation of tax credit to legislative committee on revenue by March 31 of each odd-numbered year. Establishes requirements for what report should describe. Extends sunset of tax credit from 2018 to 2024.

ISSUES DISCUSSED:

- Tax credit is available to homeowners, renters and landlords who upgrade or purchase energy efficient devices and renewable energy systems
- History of this tax credit, commonly called the Residential Energy Tax Credit or RETC
- Eligible devices

EFFECT OF AMENDMENT:

Requires Oregon Department of Energy (ODOE) to take steps to ensure that: use of tax credit addresses rising cost of fossil fuels, need for energy conservation and economic feasibility of alternative forms of energy; promotes energy savings or energy displacement and transformation; facilitates taxpayer actions that would not be taken if tax credit was not available; taxpayers applying are from varying demographics; and use coordinates with use of other available incentives. Requires ODOE to report on operation of tax credit to legislative committee on revenue by March 31 of each odd-numbered year. Establishes requirements for what report should describe.

BACKGROUND:

The tax credit for construction or installation of residential alternative energy devices, commonly referred to as Residential Energy Tax Credit (RETC), is a credit against personal income taxes for constructing or installing an energy saving device in a residence. The amount of the credit depends on the type of device and the energy savings or yield. Generally, the tax credit amount is the least of: the installed capacity or energy yield/savings multiplied by a dollar value set in statute; 50 percent of the device or installed device cost; or a dollar amount set in statute, which is \$1,500, \$2,500 or \$6,000. An exception to this structure is home charging and alternative fuel stations, where the tax credit is 50 percent of the eligible device cost up to \$750. The Oregon Department of Energy (ODOE) reports 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 year. Currently, RETC beneficiaries primarily use the credit for installing energy-efficient heat pumps, furnaces and solar photovoltaic panels. The Department of Revenue estimates the

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credit cost the state \$26.0 million in the 2013-15 biennium, and will cost \$31.5 million in 2015-17. The tax credit is scheduled to sunset on December 31, 2017.

House Bill 2681A would extend the sunset of RETC from 2018 to 2024 and require ODOE to take steps and report to Legislative Assembly to make sure that RETC is accomplishing certain things.