

SB 177 A STAFF MEASURE SUMMARY

Senate Committee On Business and Transportation

Action Date: 04/17/17

Action: Without recommendation as to passage, but with amendments and referred to Tax Credits by prior reference. (Printed A-Eng.)

Vote: 5-0-0-0

Yeas: 5 - Beyer, Girod, Monroe, Riley, Thomsen

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Patrick Brennan, LPRO Analyst

WHAT THE MEASURE DOES:

Extends sunset of tax credit for construction or installation of residential alternative energy devices from 2018 to 2024. Modifies duties of Oregon Department of Energy with regard to tax credit. Directs Department to provide biennial report to Legislative Assembly regarding tax credit.

ISSUES DISCUSSED:

- Examples of uses for the tax credit

EFFECT OF AMENDMENT:

Requires Oregon Department of Energy 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 Department to report on operation of tax credit to Legislative Assembly committee on revenue by March 31 of each odd-numbered year. Establishes requirements for what report should describe.

BACKGROUND:

The 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 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 Oregon Department of Revenue estimates the 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.

Senate Bill 177-A extends sunset of tax credit for construction or installation of residential alternative energy devices from 2018 to 2024.