

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
80th Oregon Legislative Assembly  
2020 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB 1504 A</b>
<b>Revenue Area:</b>	<b>Energy/Property</b>
<b>Economist:</b>	<b>Jaime McGovern</b>
<b>Date:</b>	<b>02/18/2020</b>

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

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**Measure Description:**

Defines carbon dioxide equivalent. Specifies that fungible authorizations to emit are not property or subject to Oregon taxation. Directs Department of Transportation to study change in fuel classification and requires study report.

**Revenue Impact:**

There is no direct revenue impact, as the treatment in this bill relates to fungible allowances to emit (allowances) which are subject to the passage of SB 1530. That being said, assuming the passage of SB 1530, multiple entities are entitled to receive and/or purchase allowances, which, but for SB 1504-1 may have financial value or be treated as intangible property.

**Impact Explanation:**

In particular, Section 1 (2) clarifies that an allowance does not constitute property. Oregon has a property tax system which includes taxation for businesses on intangible property. This measure would ensure that for the period of time between when the entity acquires said allowance and retires it for compliance, property taxes would not be assessed or imposed on the allowance. There are approximately 55 million allowances that will potentially be sold, distributed or reserved in year one (with annual amounts subsequently declining). The impact of this no-property designation by section 1 (2) is unknown as SB 1530 is still in legislation, and the value otherwise attained by these allowances is unknown.

Section 1 (3), which specifies that the allowance distributed to the entity at zero cost may not be subject taxation under ORS Chapters 316, 317, 318.

**Creates, Extends, or Expands Tax Expenditure: Yes**  **No**