

HB 2685 -3 STAFF MEASURE SUMMARY

House Committee On Agriculture, Land Use, Natural Resources, and Water

Prepared By: Anna Glueder, LPRO Analyst

Sub-Referral To: House Committee On Revenue

Meeting Dates: 2/7, 3/28

WHAT THE MEASURE DOES:

Reinstates availability of tax credit for processing or collecting biomass. Applies to tax years on or after January 1, 2024 and before January 1, 2030. Removes certain animal rendering products, certain food wastes, and wastewater solids from the definition of 'biomass,' and removes definition of 'oilseed processor' for purposes of the tax credit. Changes the credit rate for all biomass types to \$10 per bone dry ton. Takes effect on 91st day following adjournment sine die.

REVENUE: May have revenue impact, but no statement yet issued

FISCAL: May have fiscal impact, but no statement yet issued

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-3 Defines 'biochar' as a biomass that has been carbonized or charred from untreated plant or animal producer and adds it as an eligible end use in regard to the tax credit for processing or collecting biomass. Defines 'biochar producer' as a person that, in Oregon, alters the physical makeup of biomass to convert it into biochar for purposes including use as soil amendment, use in agricultural applications, or use in the reclamation of contaminated land and water. Requires the Oregon Department of Energy to establish rules to determine the amount of credit allowed for biomass within mixed loads consisting of biomass and other wood products. Moves the administration of the woody biomass tax credit program from the Oregon Department of Energy to the Oregon Department of Forestry.

REVENUE: Revenue impact issued

FISCAL: May have fiscal impact, but no statement yet issued

BACKGROUND:

Biomass energy, or bioenergy, is energy from plants or plant-derived material. While Oregon has some dedicated biomass energy crops, most biomass resources are secondary product such as lumber mill residue, logging slash, and agricultural field residue. Oregon has 17 biomass power facilities, primarily in the wood products industry, which typically generate less than 50 megawatts. In the context of the biomass tax credit, the biomass must originate and be converted to biofuel within Oregon. The Oregon Department of Energy's biomass Collector or Producer Tax credit program ended at the end of the 2017 tax year.

House Bill 2685 would reinstate a tax credit for processing or collecting biomass and changes the definition of eligible biomass and credit rate for the purposes of the tax credit.