

HB 3003 -1 STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

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Meeting Dates: 4/21

WHAT THE MEASURE DOES:

Creates nonrefundable income or corporate excise tax credit available to electric utility that purchases electricity produced using a fuel source that is at least 50 percent qualifying western juniper biomass. Defines terms. Specifies credit amount equal to ___ per kilowatt hour of electricity produced using at least 50 percent qualifying western juniper biomass. Allows unused credit amounts to be carried forward for up to three succeeding tax years. Allows transferability of tax credit in compliance with ORS 315.056. Requires credit to be certified by Department of Energy and allows the Department to impose fees equal to cost of certification. Requires Oregon Watershed Enhancement Board to identify riparian areas where removal of western juniper will benefit water resources and ecological health. Applies to tax years beginning on or after January 1, 2024 and before January 1, 2030. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 Defines qualifying western juniper biomass as biomass derived from western juniper that has been treated in accordance with requirements specified in measure. Specifies tax credit amount equal to \$40 per megawatt hour of electricity produced. Decreases to 30 percent, amount of electricity required to be produced from qualifying western juniper biomass. Applies to tax years beginning on or after January 1, 2025 and before January 1, 2031.

BACKGROUND:

While Oregon has some dedicated biomass energy crops, most biomass resources are secondary products, such as lumber mill residue, logging slash, and animal manure. Examples of biomass resources available in the Northwest include woody biomass, spent pulping liquor (byproduct of pulp and paper making process), agricultural field residue, animal manure, food processing residue, landfill gas, municipal solid waste, and wastewater treatment plant digester gas. Oregon has 17 woody biomass power facilities, primarily in the wood-products industry. Some Oregon facilities currently generating biogas simply flare the biogas, while others burn it in a special internal combustion engine that is connected to a generator that produces electricity. Those facilities either consume that electricity on-site or sell it onto the grid through a Power Purchase Agreement with an electric utility. According to the Oregon Department of Energy's biennial energy report, total Oregon electricity consumption from wood and other biomass was 0.4 percent of the total from all sources.

Oregon previously allowed a tax credit for the production or collection of biomass though the credit sunset in 2018. To qualify for the credit, the biomass was required to be sourced within Oregon and used as a biofuel or used to produce biofuels in Oregon. The tax credit was certified by the Oregon Department of Energy. The amount of the credit was based on the type of biomass material and was equal to \$10.00 per bone dry ton of woody biomass.