

HB 3418 A STAFF MEASURE SUMMARY

Joint Committee On Tax Expenditures

Action Date: 03/31/23

Action: Without recommendation as to passage and be referred to Ways and Means.

House Vote

Yeas: 6 - Levy B, Marsh, Nathanson, Reschke, Smith G, Walters

Exc: 1 - Nguyen D

Senate Vote

Yeas: 3 - Golden, Jama, Meek

Exc: 2 - Boquist, Findley

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Beau Olen, Economist

Meeting Dates: 3/31

WHAT THE MEASURE DOES:

Extends Oregon Solar and Storage Rebate Program 5 years by moving sunset date from January 2, 2024 to January 2, 2029. Clarifies that solar electric system and energy storage system must be purchased together to receive higher rebate for paired system. Requires waiver of construction start date requirements for renewable energy production system grant program under particular circumstances. Takes effect January 1, 2024.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

In 2019, HB 2618 established the Oregon Solar and Storage Rebate Program and set a sunset date of January 2, 2024. The Oregon Solar and Storage Rebate Program provides a rebate for construction or installation of a solar electric system or paired solar and storage system, for a residential customer or low-income service provider, on real property in Oregon. In each calendar year, 25 percent of all moneys available for issuing rebates must be reserved for low- or moderate-income residential customers and low-income service providers.

Section 5, chapter 655, Oregon Laws 2019 gives the Oregon Department of Energy (ODOE) discretion over how to adopt rules to provide rebates in the program. Oregon Revised Statute only sets an upper bound for the rebate amount and does not provide guidance on the timing of rebates. Eligibility requirements, contractor certification requirements, the procedure for contactors to reserve a rebate on behalf of the customer, and the process to claim a reserved rebate are largely left to the discretion of ODOE. Reservations and rebates have been temporarily paused when funding was unavailable.

The program does not have a tax mechanism that can generate revenue to support the cost of the program and HB 3418-A does not appropriate additional revenue. Rebates under the program shall be made from moneys credited to the Rooftop Solar Incentive Fund from donations, appropriations and transfers from the legislative assembly, or other amounts from any public or private source. Moneys in the fund are continuously appropriated to the ODOE to be used to issue rebates and to pay the administrative expenses of the program. Any moneys remaining in the Rooftop Solar Incentive Fund that are unexpended, unobligated and not subject to any conditions on the date the Oregon Solar and Storage Rebate Program is repealed are transferred to the General Fund.

HB 3418 A STAFF MEASURE SUMMARY

Past appropriations and transfers from the legislative assembly do not provide reliable guidance on revenue available for the program in the future. Legislative appropriations and transfers for the program depend on available general fund revenue and evolving budgetary needs of the state. With that said, ODOE was provided a rebate budget of \$1.5 million, concurrent to the passage of HB 2618, and was also provided \$500,000 to develop and administer the program. ODOE received a General Fund appropriation of \$15 million in the 2021-23 biennium. ODOE anticipates that all funds will be obligated by the end of the biennium, though not all payments will be disbursed until the 2023-25 biennium. As of March 22, 2023, rebates of \$12.4 million have been reserved (\$5.0 million for Low-and moderate-income) and there are \$2.0 million of remaining funds.