

**A-Engrossed**  
**House Bill 3004**

Ordered by the House April 4  
Including House Amendments dated April 4

Sponsored by Representative HELM; Representatives LEVY E, OWENS (Presession filed.)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

*[Requires State Department of Energy to study renewable energy resource development. Directs department to submit findings to interim committees of Legislative Assembly related to energy no later than September 15, 2024.]*

**Creates income or corporate excise tax credit for amount paid by owner of eligible generation facility for transmission services. Directs that amount paid, for purposes of tax credit, shall be calculated as sum of amounts paid by owner to Bonneville Power Administration or electric utility for up to 600 megawatts of eligible generation facility's nameplate capacity and to other parties.**

**Applies to tax years beginning on or after January 1, 2025, and to eligible generation facilities first placed in service on or after January 1, 2025, and before January 1, 2031.**

**Takes effect on 91st day following adjournment sine die.**

**A BILL FOR AN ACT**

1  
2 Relating to renewable energy; creating new provisions; amending ORS 314.772 and 318.031; and  
3 prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Sections 2 and 3 of this 2023 Act are added to and made a part of ORS**  
6 **chapter 315.**

7 **SECTION 2. As used in this section and section 3 of this 2023 Act:**

8 (1) "Electric utility" has the meaning given that term in ORS 757.600.

9 (2) "Eligible generation facility" means a facility that:

10 (a)(A) Generates only nonemitting electricity derived from solar or wind energy; or

11 (B) Provides energy storage; and

12 (b) Is:

13 (A) Owned in whole by a person or persons that are not an electric utility, an electric  
14 utility holding company, an affiliated interest or any combination thereof;

15 (B) Sited in Oregon;

16 (C) First placed in service on or after January 1, 2025; and

17 (D) Covered by an interconnection agreement, entered into on or after January 1, 2024,

18 **with:**

19 (i) The Bonneville Power Administration; or

20 (ii) An electric utility.

21 (3) "Interconnection agreement" means a contract, between an owner or operator of a  
22 transmission or distribution system and a person that owns an eligible generation facility,  
23 that governs the interconnection of an eligible generation facility to a transmission or dis-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 **tribution system.**

2 (4) “Nonemitting electricity” has the meaning given that term in ORS 469A.400.

3 (5) “Placed in service” means the date on which an eligible generation facility is ready  
4 and available to generate nonemitting electricity or provide energy storage.

5 **SECTION 3.** (1) A credit against taxes that are otherwise due under ORS chapter 316 or,  
6 if the taxpayer is a corporation, under ORS chapter 317 or 318 is allowed to a taxpayer that  
7 owns an eligible generation facility during the tax year.

8 (2) The credit under this section shall, except as provided in subsection (3) of this section,  
9 equal the amount paid during the tax year by the owner of an eligible generation facility for  
10 transmission services, calculated as the sum of the amounts paid by the owner of the eligible  
11 generation facility to:

12 (a) The Bonneville Power Administration or, to an electric utility, for transmission ser-  
13 vices for up to 600 megawatts of the eligible generation facility’s nameplate capacity; and

14 (b) Parties not described in paragraph (a) of this subsection.

15 (3) The credit allowed under this section may not exceed:

16 (a) For the tax year in which the eligible generation facility is first placed in service, and  
17 for each of the four subsequent consecutive tax years, the tax liability of the taxpayer for  
18 the tax year; and

19 (b) For each of the 15 consecutive tax years following the final year described in para-  
20 graph (a) of this subsection, 75 percent of the tax liability of the taxpayer for the tax year.

21 (4) Prior to claiming the credit allowed under this section, a taxpayer is required to re-  
22 ceive written certification from the State Department of Energy that the taxpayer is the  
23 owner of an eligible generation facility.

24 (5) Any tax credit otherwise allowable under this section that is not used by the taxpayer  
25 in a particular tax year may be carried forward and offset against the taxpayer’s tax liability  
26 for the next succeeding tax year. Any credit remaining unused in the next succeeding tax  
27 year may be carried forward and used in the second succeeding tax year, and likewise any  
28 credit not used in that second succeeding tax year may be carried forward and used in the  
29 third succeeding tax year but may not be carried forward for any tax year thereafter.

30 (6) If a change in the tax year of the taxpayer occurs as described in ORS 314.085, or if  
31 the Department of Revenue terminates the taxpayer’s tax year under ORS 314.440, the credit  
32 allowed under this section shall be prorated or computed in a manner consistent with ORS  
33 314.085.

34 (7) The Department of Revenue shall adopt rules for the purposes of this section, in-  
35 cluding policies and procedures for verifying taxpayer eligibility for the credit allowed under  
36 this section.

37 (8) The State Department of Energy shall provide information to the Department of Re-  
38 venue about all taxpayers that are eligible for a tax credit under this section, if required by  
39 ORS 315.058.

40 **SECTION 4.** ORS 314.772, as amended by section 11, chapter 34, Oregon Laws 2022, and section  
41 15, chapter 115, Oregon Laws 2022, is amended to read:

42 314.772. (1) Except as provided in ORS 314.766 (5)(b), the tax credits allowed or allowable to a  
43 C corporation for purposes of ORS chapter 317 or 318 shall not be allowed to an S corporation. The  
44 business tax credits allowed or allowable for purposes of ORS chapter 316 shall be allowed or are  
45 allowable to the shareholders of the S corporation.

1 (2) In determining the tax imposed under ORS chapter 316, as provided under ORS 314.763, on  
 2 income of the shareholder of an S corporation, there shall be taken into account the shareholder's  
 3 pro rata share of business tax credit (or item thereof) that would be allowed to the corporation (but  
 4 for subsection (1) of this section) or recapture or recovery thereof. The credit (or item thereof), re-  
 5 capture or recovery shall be passed through to shareholders in pro rata shares as determined in the  
 6 manner prescribed under section 1377(a) of the Internal Revenue Code.

7 (3) The character of any item included in a shareholder's pro rata share under subsection (2)  
 8 of this section shall be determined as if such item were realized directly from the source from which  
 9 realized by the corporation, or incurred in the same manner as incurred by the corporation.

10 (4) If the shareholder is a nonresident and there is a requirement applicable for the business tax  
 11 credit that in the case of a nonresident the credit be allowed in the proportion provided in ORS  
 12 316.117, then that provision shall apply to the nonresident shareholder.

13 (5) As used in this section, "business tax credit" means the following credits: ORS 315.104  
 14 (forestation and reforestation), ORS 315.138 (fish screening, by-pass devices, fishways), ORS 315.141  
 15 (biomass production for biofuel), ORS 315.156 (crop gleaning), ORS 315.164 and 315.169 (agriculture  
 16 workforce housing), ORS 315.176 (bovine manure), ORS 315.204 (dependent care assistance), ORS  
 17 315.208 (dependent care facilities), ORS 315.213 (contributions for child care), ORS 315.237 (employee  
 18 and dependent scholarships), ORS 315.271 (individual development accounts), ORS 315.304 (pollution  
 19 control facility), ORS 315.326 (renewable energy development contributions), ORS 315.331 (energy  
 20 conservation projects), ORS 315.336 (transportation projects), ORS 315.341 (renewable energy re-  
 21 source equipment manufacturing facilities), ORS 315.354 and 469B.151 (energy conservation facili-  
 22 ties), ORS 315.506 (tribal taxes on reservation enterprise zones and reservation partnership zones),  
 23 ORS 315.507 (electronic commerce), ORS 315.514 (film production development contributions), ORS  
 24 315.523 (employee training programs), ORS 315.533 (low income community jobs initiative), ORS  
 25 315.593 (short line railroads), ORS 315.640 (university venture development funds), ORS 315.643  
 26 (Opportunity Grant Fund contributions), ORS 315.675 (Trust for Cultural Development Account  
 27 contributions), ORS 317.097 (loans for affordable housing), ORS 317.124 (long term enterprise zone  
 28 facilities), ORS 317.147 (loans for agriculture workforce housing), ORS 317.152 (qualified research  
 29 expenses) and ORS 317.154 (alternative qualified research expenses) and section 9, chapter 774,  
 30 Oregon Laws 2013 (alternative fuel vehicle contributions), section 2, chapter 34, Oregon Laws 2022  
 31 (small forest option), and section 8, chapter 115, Oregon Laws 2022 (agricultural overtime pay), **and**  
 32 **section 3 of this 2023 Act (eligible generation facilities).**

33 **SECTION 5.** ORS 318.031, as amended by section 12, chapter 34, Oregon Laws 2022, and section  
 34 16, chapter 115, Oregon Laws 2022, is amended to read:

35 318.031. It being the intention of the Legislative Assembly that this chapter and ORS chapter  
 36 317 shall be administered as uniformly as possible (allowance being made for the difference in im-  
 37 position of the taxes), ORS 305.140 and 305.150, ORS chapter 314 and the following sections are in-  
 38 corporated into and made a part of this chapter: ORS 315.104, 315.141, 315.156, 315.176, 315.204,  
 39 315.208, 315.213, 315.304, 315.326, 315.331, 315.336, 315.506, 315.507, 315.523, 315.533, 315.593 and  
 40 315.643 and section 2, chapter 34, Oregon Laws 2022, and section 8, chapter 115, Oregon Laws 2022,  
 41 **and section 3 of this 2023 Act** (all only to the extent applicable to a corporation) and ORS chapter  
 42 317.

43 **SECTION 6. Section 3 of this 2023 Act applies:**

44 (1) **Notwithstanding ORS 315.037, to all tax years beginning on or after January 1, 2025;**  
 45 **and**

1           **(2) To eligible generation facilities first placed in service on or after January 1, 2025, and**  
2 **before January 1, 2031.**

3           **SECTION 7.** **This 2023 Act takes effect on the 91st day after the date on which the 2023**  
4 **regular session of the Eighty-second Legislative Assembly adjourns sine die.**

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