

Requested by Representative OWENS

**PROPOSED AMENDMENTS TO  
HOUSE BILL 2685**

1 On page 1 of the printed bill, delete lines 15 through 30 and delete page  
2 2.

3 On page 3, delete lines 1 through 43 and insert:

4 **“SECTION 2.** ORS 315.141 is amended to read:

5 **“315.141. (1) As used in this section:**

6 **“(a) ‘Agricultural producer’ means a person that produces biomass in**  
7 **Oregon that is used, in Oregon, as biofuel or to produce biofuel **or****  
8 **biochar.**

9 **“(b) ‘Biochar’ means biomass that has been carbonized or charred**  
10 **from untreated plant or animal material.**

11 **“(c) ‘Biochar producer’ means a person that through activities in**  
12 **Oregon alters the physical makeup of biomass to convert it into**  
13 **biochar that is intended for purposes that include use as a soil**  
14 **amendment, use in agricultural applications or use in the reclamation**  
15 **of contaminated land and water.**

16 **“[(b)] (d) ‘Biofuel’ means liquid, gaseous or solid fuels, derived from**  
17 **biomass, that have been converted into a processed fuel ready for use as**  
18 **energy by a biofuel producer’s customers or for direct biomass energy use**  
19 **at the biofuel producer’s site.**

20 **“[(c)] (e) ‘Biofuel producer’ means a person that through activities in**  
21 **Oregon:**

1 “(A) Alters the physical makeup of biomass to convert it into biofuel;  
2 “(B) Changes one biofuel into another type of biofuel; or  
3 “(C) Uses biomass in Oregon to produce energy.  
4 “[*d*] (f) ‘Biomass’ means organic matter that is available on a renewable  
5 or recurring basis and that is derived from:  
6 “(A) Forest or rangeland woody debris from harvesting or thinning con-  
7 ducted to improve forest or rangeland ecological health and reduce unchar-  
8 acteristic stand replacing wildfire risk;  
9 “(B) Wood material from hardwood timber described in ORS 321.267 (3);  
10 “(C) Agricultural residues;  
11 “[*D*] *Offal and tallow from animal rendering;*]  
12 “[*E*] *Food wastes collected as provided under ORS chapter 459 or 459A;*]  
13 “[*F*] (D) Wood debris collected as provided under ORS chapter 459 or  
14 459A; **or**  
15 “[*G*] *Wastewater solids; or*]  
16 “[*H*] (E) Crops grown solely to be used for energy.  
17 “[*e*] (g) ‘Biomass’ does not mean wood that has been treated with  
18 creosote, pentachlorophenol, inorganic arsenic or other inorganic chemical  
19 compounds or waste, other than matter described in paragraph (d) of this  
20 subsection.  
21 “[*f*] (h) ‘Biomass collector’ means a person that collects biomass in  
22 Oregon to be used, in Oregon, as biofuel or to produce biofuel **or biochar**.  
23 “[*g*] (i) ‘Canola’ means plants of the genus *Brassica*:  
24 “(A) In which seeds having a high oil content are the primary econom-  
25 ically valuable product; and  
26 “(B) That have a high erucic acid content suitable for industrial uses or  
27 a low erucic acid content suitable for edible oils.  
28 “[*h*] ‘Oilseed processor’ means a person that receives agricultural oilseeds  
29 and separates them into meal and oil by mechanical or chemical means.]  
30 “[*i*] (j) ‘Willamette Valley’ means Clackamas, Linn, Marion, Multnomah,

1 Polk, Washington and Yamhill Counties and the portion of Benton and Lane  
2 Counties lying east of the summit of the Coast Range.

3 “(2) The Director of the State Department of Energy may adopt rules to  
4 define criteria, only as the criteria apply to organic biomass, to determine  
5 additional characteristics of biomass for purposes of this section.

6 “(3)(a) An agricultural producer or biomass collector shall be allowed a  
7 credit against the taxes that would otherwise be due under ORS chapter 316  
8 or, if the taxpayer is a corporation, under ORS chapter 317 or 318 for:

9 “(A) The production of biomass in Oregon that is used, in Oregon, as  
10 biofuel or to produce biofuel **or biochar**; or

11 “(B) The collection of biomass in Oregon that is used, in Oregon, as  
12 biofuel or to produce biofuel **or biochar**.

13 “(b) A credit under this section may be claimed in the tax year in which  
14 the credit is certified under subsection (5) of this section.

15 “(c) A taxpayer may be allowed a credit under this section for more than  
16 one of the roles defined in subsection (1) of this section, but a biofuel pro-  
17 ducer **or biochar producer** that is not also an agricultural producer or a  
18 biomass collector may not claim a credit under this section.

19 “(d) A credit under this section may be claimed only once for each unit  
20 of biomass.

21 “(e) Notwithstanding paragraph (a) of this subsection, a tax credit:

22 “(A) Is not allowed for canola grown, collected or produced in the  
23 Willamette Valley; and

24 “(B) Is not allowed for grain corn, but a tax credit shall be allowed for  
25 other corn material.

26 “(4) The amount of the credit shall equal the amount certified under  
27 subsection (5) of this section.

28 “(5)(a) The State Department of Energy may establish by rule procedures  
29 and criteria for determining the amount of the tax credit to be certified un-  
30 der this section, consistent with ORS 469B.403. **For mixed loads containing**

1 **biomass and other wood products, the department shall establish by**  
2 **rule criteria to determine and certify the amount of credit allowed for**  
3 **that portion of the load consisting of biomass.** The department shall  
4 provide written certification to taxpayers that are eligible to claim the credit  
5 under this section.

6 “(b) The State Department of Energy may charge and collect a fee from  
7 taxpayers for certification of credits under this section. The fee may not ex-  
8 ceed the cost to the department of determining the amount of certified cost.

9 “(6) The amount of the credit claimed under this section for any tax year  
10 may not exceed the tax liability of the taxpayer.

11 “(7) Each agricultural producer or biomass collector shall maintain the  
12 written documentation of the amount certified for tax credit under this sec-  
13 tion in its records for a period of at least five years after the tax year in  
14 which the credit is claimed and provide the written documentation to the  
15 Department of Revenue upon request.

16 “(8) The credit shall be claimed on a form prescribed by the Department  
17 of Revenue that contains the information required by the department.

18 “(9) Any tax credit otherwise allowable under this section that is not used  
19 by the taxpayer in a particular tax year may be carried forward and offset  
20 against the taxpayer’s tax liability for the next succeeding tax year. Any  
21 credit remaining unused in the next succeeding tax year may be carried  
22 forward and used in the second succeeding tax year, and likewise any credit  
23 not used in that second succeeding tax year may be carried forward and used  
24 in the third succeeding tax year, and any credit not used in that third suc-  
25 ceeding tax year may be carried forward and used in the fourth succeeding  
26 tax year, but may not be carried forward for any tax year thereafter.

27 “(10) In the case of a credit allowed under this section:

28 “(a) A nonresident shall be allowed the credit under this section in the  
29 proportion provided in ORS 316.117.

30 “(b) If a change in the status of the taxpayer from resident to nonresident

1 or from nonresident to resident occurs, the credit allowed by this section  
2 shall be determined in a manner consistent with ORS 316.117.

3 “(c) If a change in the tax year of the taxpayer occurs as described in  
4 ORS 314.085, or if the department terminates the taxpayer’s tax year under  
5 ORS 314.440, the credit allowed under this section shall be prorated or com-  
6 puted in a manner consistent with ORS 314.085.

7 “(11) The Director of the State Department of Energy may order the sus-  
8 pension or revocation of a certification issued under this section, as provided  
9 in ORS 315.061.

10 **“SECTION 3.** ORS 469B.403 is amended to read:

11 “469B.403. To be eligible for the tax credit under ORS 315.141, the biomass  
12 must be produced or collected in Oregon as a feedstock for **biochar,**  
13 bioenergy or biofuel production in Oregon. The credit [*rates for biomass*  
14 *are:*] **rate for biomass is \$10 per bone dry ton.**

15 “[*(1) For oilseed crops, \$0.05 per pound.*]

16 “[*(2) For grain crops, including but not limited to wheat, barley and*  
17 *triticale, \$0.90 per bushel.*]

18 “[*(3) For virgin oil or alcohol delivered for production in Oregon from*  
19 *Oregon-based feedstock, \$0.10 per gallon.*]

20 “[*(4) For used cooking oil or waste grease, \$0.10 per gallon.*]

21 “[*(5) For wastewater biosolids, \$10.00 per wet ton.*]

22 “[*(6) For woody biomass collected from nursery, orchard, agricultural, for-*  
23 *est or rangeland property in Oregon, including but not limited to prunings,*  
24 *thinning, plantation rotations, log landing or slash resulting from harvest or*  
25 *forest health stewardship, \$10.00 per bone dry ton.*]

26 “[*(7) For grass, wheat, straw or other vegetative biomass from agricultural*  
27 *crops, \$10.00 per bone dry ton.*]

28 “[*(8) For animal manure or rendering offal, \$3.50 per wet ton.*”].

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