

## Solar Payment-in-Lieu-of-Tax Program and Transmission Services Tax Credit

---

### Background

Section 1, chapter 571, Oregon Laws 2015, (House Bill 3492 (2015)) as amended in 2019 (SB 769) and 2021 (SB 154), allows a solar power producer to agree with a county or city to pay a fee in lieu of property taxes. The law allowed parties to the agreement to set the fee in a range between \$5,500 and \$7,000 per megawatt of nameplate capacity.

This session, House Bill 3004-2 creates a new, two-tiered fee structure, with a range of \$5,500 to \$7,000 per megawatt for projects with a capacity of 20 megawatts or less and a range of \$1,000 to \$3,000 per megawatt for larger projects. The -2 amendment also includes a new income tax credit for owners of eligible generation facilities with the credit being equal to the amount paid by the owner of the facility for transmission services.

### Administrative Questions

#### Fee In Lieu

Page 14, Section 10 of the bill, creates the new tiered structure for the fee amounts, based on nameplate capacity. It is not clear whether the change is intended to be retroactive or to only apply to agreements between a local government and a producer signed after the effective date of the bill.

The simplest way to provide clarity, and prevent potential disputes, would be an additional amendment to specify that the new fee ranges only apply to solar payment-in-lieu-of-tax agreements signed after the effective date.

#### Tax Credit Certification

Page 3, lines 6 – 9, Section 3 (4), requires Department of Energy to certify the taxpayer qualifies for the credit, but it does not require certification of the costs. Department of Revenue does not have expertise in identifying qualified transmission costs eligible for the tax credit, and recommends Department of Energy be required to annually certify amounts paid by the owner of the eligible generation facility for transmission services.

### Agency Contact

Seiji T. Shiratori, Policy Director, Property Tax Division, Oregon Department of Revenue, email: [seiji.shiratori@dor.oregon.gov](mailto:seiji.shiratori@dor.oregon.gov), phone: 503-877-7932