



HB 3003 is yet another ask in support of biomass energy

Joint Committee on Tax Expenditures – Jody Wisner – 4.21.2023

Chairs Meek and Nathanson and members of the committee. I'm Jody Wisner with Tax Fairness Oregon. We are a network of volunteers who advocate for a tax code that is rational and equitable. We oppose this bill.

The Prineville biomass facility for which the bill was written has not been designed, financed or built. It is one of those initiatives relying not on its own merits but on largess from others. It had received [\\$400,000 in grants](#) from the Energy Trust of Oregon and just this week a [\\$1 million planning grant](#) from the U.S. Forest Service to further plan, design and permit the facility.

With this bill, its investors have the potential to benefit from four to six different Oregon tax breaks and subsidies:

- 1) Opportunity Zone treatment of investors' capital gains both when investing into the project and when they eventually sell shares,
- 2) Years without paying a penny of property taxes with either the 3-5 year Standard Zone program, 15-year Long Term Rural Enterprise Zone, or vastly reduced with the 15-year SIP, (links to maps showing the overlap are in my submitted testimony)
- 3) Oregon Investment Advantages' ten years with no tax on their income, (see Tax Expenditure Report, page 114)
- 4) HB 2685 which would resurrect Oregon's Biomass Collection and Processing tax credit which is also in your committee AND/OR
- 5) HB 3142, also a biomass collection bill, now in W&M with a price tag of \$10,150,000, much of which is directed to Crook and surrounding counties.

In addition, it is likely that the project would be eligible for Oregon's [Community Renewable Energy Grant Program](#), created by the Oregon Legislature in 2021 to support projects outside Portland city limits, with a total budget of \$50 million. The recent Federal Infrastructure Act and Federal Production Tax Credits will also be available, along with state and federal fire reduction grants.

The amendment makes clear that proponents hope this bill will provide another \$7 million a year, given the proposed nameplate capacity of either 20MW or 24.9MW, a utilization rate of 80% and the \$40 per MWh ask.

Since the facility remains speculative, there will be no immediate cost under HB 3003. But if the facility is operational during the proposed tax credit's six-year life, it will get a tax subsidy of \$7 million each year, or \$42 million of the anticipated \$135 million facility cost.

Usually when investors take on a 31% investment share, they get an ownership interest. But under the bill, none is being offered. If this is such a good investment, perhaps the Treasurer's Office should make the investment.

Advocates claim this will create 300-500 jobs. The income tax receipts for 300-500 average jobs is a bit over \$1 million per year, not the \$7 million this bill asks for. And the biomass collection and transportation bills would actually be responsible for all but about 15 of those jobs. Do the same jobs get counted twice?

"Pigs get fat, and hogs get slaughtered" goes the saying about government subsidies.

Advocates often come to the legislature and ask that the General Fund bear the costs of their ideas. But it isn't logical for yet another public subsidy to be added to the maze of benefits already available for this biomass energy production program.

Despite the list of legislators whose names are at the top of this bill, it came to your committee without recommendation.

This article from *The Bend Bulletin* is a good one for background.

https://www.bendbulletin.com/business/prineville-pitches-biomass-to-save-the-forests/article_87601d40-ffb4-11eb-9af9-53a92a4446e7.html

Have the proponents of the facility tried marketing their energy as “greened energy.” They have close at hand two data center companies, Facebook and Apple, who have been very public about setting environmental goals for their power. Additionally, there are local commercial and residential users who likely care about the environment and have set environmental goals and would willingly pay more for this power. Perhaps part of the deal struck with owners of land cleared of juniper at the public’s cost would be that the owners will sign up for and maintain usage of a program created by the local electricity providers marketed as the “Juniper Energy Program.”

Those who want “greened” electricity have long paid extra for it in Oregon under programs like the Blue Sky program:

Pacific Power's Blue Sky - Renewable Energy Program

joinbluesky.com

<https://www.joinbluesky.com> › pacific-power › blue-sky



Learn how you can support local renewable energy through **Blue Sky**. Positively impact the environment and support local jobs. No Fees. Support Renewable Energy. Reduce Carbon Footprint. Easy Enrollment. As Little As \$1.95/Mo. Cancel Anytime

Opportunity Zone Funds targeting Prineville and Oregon

<https://opportunitydb.com/cities/prineville-oregon/#:~:text=There%20are%20no%20Opportunity%20Zones%20in%20Prineville.>

Prineville Opportunity Zone Map:

https://opportunitydb.maps.arcgis.com/apps/Embed/index.html?webmap=dd5cbe5ccd91438a9235bc446b66ad44&extent=-120.9414311,44.2519381,-120.7873421,44.3516779&home=true&zoom=true&previewImage=false&scale=true&search=false&searchextent=true&disable_scroll=true&theme=light

Prineville Enterprise zone map

https://www.cityofprineville.com/sites/default/files/fileattachments/community_development/page/2623/prineville_enterprise_zone_overview.pdf

We read the bills and follow the money