



## SENATE MAJORITY OFFICE

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### NEWS RELEASE

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#### **Legislation reining in BETC program passed by Senate** *House Bill 3680 cuts costs, sets caps, continues supporting green jobs*

SALEM – The Oregon Senate voted this morning for legislation that reforms the state’s Business Energy Tax Credit (BETC) by curbing runaway costs. House Bill 3680 will protect developing green industries, allow Oregon to continue expanding the renewable energy system, and increase the effectiveness and efficiency of the BETC program while reducing the impact to the state’s general fund.

“This is good policy that gives us assurance that there will be no more unexpected revenue impacts, loopholes that waste taxpayer money, or tax credits to bad actors who game the system,” said Senator Ginny Burdick (D-Portland), chair of the Senate Revenue Committee. “House bill 3680 makes sure that the taxpayers are getting the greatest value out of every dollar in this program while building our renewable energy infrastructure and creating jobs.”

The goal of the BETC is to give that extra boost to a project that couldn’t go forward without the tax credit, or to attract a business to Oregon that is trying to decide where to locate. In 2007, the Legislature passed HB 3201, which increased the credit amount that was allowable under the BETC. The cost of this increase was vastly underestimated, and the cost of the expansion in 07-09 skyrocketed from a projected \$2 million to \$40 million, with the estimates in future biennia out of control. The 2009 Legislature passed a bill, HB 2472, that would have provided some costs savings and accountability to the program, but it was vetoed by the Governor.

“This legislation is a product of collaboration and compromise,” said Senator Jackie Dingfelder (D-Portland), chair of the Senate Environment and Natural Resources Committee. “Oregon is a national leader in renewable energy and green jobs. This bill protects that reputation in a way that is fiscally responsible and takes into account the high standards we’ve set for our state in moving towards renewable energy and sustainable development.”

Today’s legislation recovers \$54 million in the 2009-2011 biennium and an additional \$97 million in the 2011-2013 biennium. Key provisions of HB 3680 include:

- **Increased accountability:** Statutorily adopts Department of Energy emergency rules and gives the Department additional authority to require information and maintain confidentiality.

- **Program caps for renewables:** The renewable energy program is the primary source of the rapid cost growth and this portion of the BETC sunsets on July 1, 2012 with the passage of this bill. HB 3680 also imposes a \$300 million cap on the renewable program.
- **Changes to the manufacturing program:** Caps manufacturing at \$200 million based on pre-certification credit costs, meaning that in any biennium, the state will not be obligated to more than this. Also allows additional BETCs to be given to companies that begin a new, distinct manufacturing operation that provides new jobs.
- **Creates an alternative tax credit system for wind projects:** It has been shown that large wind projects no longer need the same large subsidy that the State of Oregon has provided to this point. HB 3680 limits the total credit costs on individual wind projects.
- **Sunset date extensions:** Extends manufacturing BETC sunset date to January 1, 2014 and changes sunset application to pre-certifications, so that between now and the end of 2013, they will have time for planning.

“Today’s vote is a really good example why we’re meeting this February,” said Senate Majority Leader Richard Devlin (D-Tualatin). “This bill saves \$54 million this biennium, money that will go towards schools, public safety, and protecting our most vulnerable.”

The BETC was created in 1979 for projects pertaining to recycling, energy conservation, and renewable energy. The bill will now go to the House for concurrence.

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