

A-Engrossed
House Bill 3344

Ordered by the House April 21
Including House Amendments dated April 21

Sponsored by Representatives REARDON, HUFFMAN, Senator DEMBROW, Representative JOHNSON; Representatives HOLVEY, WHISNANT, Senator BOQUIST

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.

[Modifies description of solar photovoltaic power generation facility within definition of "energy facility" for purposes of site certificates issued by Energy Facility Siting Council.]

Modifies residential energy tax credit allowed for certain category one alternative energy devices that use solar radiation.

Applies to alternative energy devices certified on or after September 1, 2015, and tax years beginning on or after January 1, 2015.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to solar energy; creating new provisions; amending ORS 316.116; and prescribing an effective date.

3
4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 316.116 is amended to read:

6 316.116. (1)(a) A resident individual shall be allowed a credit against the taxes otherwise due
7 under this chapter for costs paid or incurred for construction or installation of each of one or more
8 alternative energy devices in a dwelling.

9 (b) A resident individual shall be allowed a credit against the taxes otherwise due under this
10 chapter for costs paid or incurred to modify or purchase an alternative fuel vehicle or related
11 equipment.

12 (c) A credit against the taxes otherwise due under this chapter is not allowed for an alternative
13 energy device that does not meet or exceed all applicable federal, state and local requirements for
14 energy efficiency, including equipment codes, the state building code, specialty codes and any other
15 standards.

16 (2)(a) In the case of a category one alternative energy device that is not an alternative fuel
17 device, the credit shall be based upon the first year energy yield of the alternative energy device
18 that qualifies under ORS 469B.100 to 469B.118. The amount of the credit shall be the same whether
19 for collective or noncollective investment.

20 (b) **Except as provided in paragraph (c) of this subsection,** the credit allowed under this
21 section for each category one alternative energy device for each dwelling may not exceed the lesser
22 of \$1,500 or the first year energy yield in kilowatt hours per year multiplied by 60 cents per dwelling
23 utilizing the alternative energy device used for space heating, cooling, electrical energy or domestic
24 water heating for tax years beginning on or after January 1, 1998.

25 **(c) For each category one alternative energy device that uses solar radiation for domestic**

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 **water heating, the credit allowed under this section shall be based upon 50 percent of the**
 2 **cost of the device or the first year energy yield in kilowatt hours per year multiplied by \$2,**
 3 **whichever is lower, up to \$6,000 for tax years beginning on or after January 1, 2015. The State**
 4 **Department of Energy may by rule provide for a lesser amount of incentive as market con-**
 5 **ditions warrant.**

6 [(c)] (d) **Except as provided in paragraph (e) of this subsection,** for each category one al-
 7 ternative energy device used for swimming pool, spa or hot tub heating, the credit allowed under
 8 this section shall be based upon 50 percent of the cost of the device or the first [year's] **year** energy
 9 yield in kilowatt hours per year multiplied by 15 cents, whichever is lower, up to \$1,500 for tax
 10 years beginning on or after January 1, 1998.

11 (e) **For each category one alternative energy device that uses solar radiation for swim-**
 12 **ming pool heating, the credit allowed under this section shall be based upon 50 percent of the**
 13 **cost of the device or the first year energy yield in kilowatt hours per year multiplied by 20**
 14 **cents, whichever is lower, up to \$2,500 for tax years beginning on or after January 1, 2015.**
 15 **The State Department of Energy may by rule provide for a lesser amount of incentive as**
 16 **market conditions warrant.**

17 [(d)] (f) For each alternative fuel device, the credit allowed under this section is 25 percent of
 18 the cost of the alternative fuel device but the total credit shall not exceed \$750 if the device is
 19 placed in service on or after January 1, 1998.

20 (g) **Notwithstanding paragraph (c) or (e) of this subsection, the total amount of the**
 21 **credits allowed in any one tax year may not exceed the tax liability of the taxpayer or \$1,500**
 22 **for each alternative energy device, whichever is less. Unused credit amounts may be carried**
 23 **forward as provided in subsection (6) of this section, but may not be carried forward to a tax**
 24 **year that is more than five tax years following the first tax year for which any credit was**
 25 **allowed with respect to the category one alternative energy device that is the basis for the**
 26 **credit.**

27 [(e)(A)] (h)(A) For each category two alternative energy device that is a solar electric system
 28 or fuel cell system, the credit allowed under this section may not exceed the lesser of \$3 per watt
 29 of installed output or \$6,000. The State Department of Energy may by rule provide for a lesser
 30 amount of incentive as market conditions warrant, taking into consideration factors including the
 31 availability of bulk purchasing of alternative energy devices.

32 (B) For each category two alternative energy device that is a wind electric system, the credit
 33 allowed under this section may not exceed the lesser of \$6,000 or the first year energy yield in
 34 kilowatt hours per year multiplied by \$2.

35 (C) Notwithstanding subparagraph (A) or (B) of this paragraph, the total amount of the credits
 36 allowed in any one tax year may not exceed the tax liability of the taxpayer or \$1,500 for each al-
 37 ternative energy device, whichever is less. Unused credit amounts may be carried forward as pro-
 38 vided in subsection (6) of this section, but may not be carried forward to a tax year that is more
 39 than five tax years following the first tax year for which any credit was allowed with respect to the
 40 category two alternative energy device that is the basis for the credit.

41 (D) Notwithstanding subparagraph (A) or (B) of this paragraph, the total amount of the credit
 42 for each device allowed under this paragraph may not exceed 50 percent of the total installed cost
 43 of the category two alternative energy device.

44 (3) To qualify for a credit under this section, all of the following are required:

45 (a) The alternative energy device must be purchased, constructed, installed and operated in ac-

1 cordance with ORS 469B.100 to 469B.118 and a certificate issued thereunder.

2 (b) The taxpayer who is allowed the credit must be the owner or contract purchaser of the
3 dwelling or dwellings served by the alternative energy device or the tenant of the owner or of the
4 contract purchaser and must:

5 (A) Use the dwelling or dwellings served by the alternative energy device as a principal or
6 secondary residence; or

7 (B) Rent or lease, under a residential rental agreement, the dwelling or dwellings to a tenant
8 who uses the dwelling or dwellings as a principal or secondary residence.

9 (c) In the case of an alternative fuel device, unless the verification form and certificate are
10 transferred as authorized under ORS 469B.106 (9), the taxpayer who is allowed the credit must be
11 the contractor who constructs the dwelling that incorporates the alternative fuel device into the
12 dwelling or installs the fueling station in the dwelling.

13 (d) The credit must be claimed for the tax year in which the alternative energy device was
14 purchased if the device is operational by April 1 of the next following tax year.

15 (e) If the alternative fuel vehicle is a gasoline-electric hybrid vehicle not designed for electric
16 plug-in charging, it must be purchased before January 1, 2010.

17 (4) The credit provided by this section does not affect the computation of basis under this
18 chapter.

19 (5) The total credits allowed under this section in any one year may not exceed the tax liability
20 of the taxpayer.

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

30 (7) A nonresident shall be allowed the credit under this section in the proportion provided in
31 ORS 316.117.

32 (8) If a change in the taxable year of a taxpayer occurs as described in ORS 314.085, or if the
33 Department of Revenue terminates the taxpayer's taxable year under ORS 314.440, the credit al-
34 lowed by this section shall be prorated or computed in a manner consistent with ORS 314.085.

35 (9) If a change in the status of a taxpayer from resident to nonresident or from nonresident to
36 resident occurs, the credit allowed by this section shall be determined in a manner consistent with
37 ORS 316.117.

38 (10) A husband and wife who file separate returns for a taxable year may each claim a share
39 of the tax credit that would have been allowed on a joint return in proportion to the contribution
40 of each. However, a husband or wife living in a separate principal residence may claim the tax
41 credit in the same amount as permitted a single person.

42 (11) As used in this section, unless the context requires otherwise:

43 (a) "Collective investment" means an investment by two or more taxpayers for the acquisition,
44 construction and installation of an alternative energy device for one or more dwellings.

45 (b) "Noncollective investment" means an investment by an individual taxpayer for the acquisi-

1 tion, construction and installation of an alternative energy device for one or more dwellings.

2 (c) "Taxpayer" includes a transferee of a verification form under ORS 469B.106 (9).

3 (12) Notwithstanding any provision of subsection (1) or (2) of this section, the sum of the credit
4 allowed under subsection (1) of this section plus any similar credit allowed for federal income tax
5 purposes may not exceed the cost for the acquisition, construction and installation of the alternative
6 energy device.

7 **SECTION 2. The amendments to ORS 316.116 by section 1 of this 2015 Act apply to al-**
8 **ternative energy devices certified under ORS 469B.106 on or after September 1, 2015, and tax**
9 **years beginning on or after January 1, 2015.**

10 **SECTION 3. This 2015 Act takes effect on the 91st day after the date on which the 2015**
11 **regular session of the Seventy-eighth Legislative Assembly adjourns sine die.**

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