



October 8, 2024

Opposition to Measure 118

Dear Colleagues,

Measure 118 (M118), promoted to provide a “rebate” to Oregon residents, would be funded by adding a 3% tax on sales in Oregon above \$25 million in addition to the existing Corporate Activity Tax (CAT). Renewable Northwest opposes M118 as it is a barrier to transparent, efficient and competitive markets for renewable energy in Oregon. Passage of M118 would severely hamper the deployment of affordable clean energy needed to meet the state's climate goals.

M118 would effectively eliminate the profits of many businesses, especially those with low profit margins, and will raise the cost of goods. Hidden costs will be passed to Oregonians from resulting cost increases faced by impacted businesses where price adjustments are possible. Renewable energy developers operate as Independent Power Producers and generate and supply renewable energy to electric utilities or industrial customers based on existing contracts - often for terms of at least 15 years. Because of these contract terms, developers will be unable to adjust for price increases until sometime far in the future when new contracts are negotiated. This will leave these companies unable to recover the increased tax burden and potentially eliminate any profit on existing contracts.

If successful, M118 would erode profit margins of renewable energy projects and put their economic feasibility into question. In effect, this would halt development of clean energy projects in Oregon - the shrinking profit margins would discourage future projects while burdening existing projects unable to account for the new tax in their contracts.

In 2021, Oregon passed HB 2021, which requires Oregon to transition the state's electricity to 100% clean energy by 2040. Imposing a 3% gross receipts tax on Oregon clean energy developers (in addition to the many other taxes faced by Oregon businesses) would significantly impair the state's efforts to meet its statutory clean energy requirements and the targets set for greenhouse gas emission reduction by 2040.

Thank you for your consideration.

Nicole Hughes
Executive Director
Renewable NW