CONTACT:
Suzanne Leta Liou
(503) 709-4482
suzanne@rnp.org

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Legislature Considering Bills That Would Dramatically Erode Oregon’s Leadership Position on Clean Energy

Bills Risk Delivering One-two Punch to Economy, Jobs

SALEM - A pair of bills being considered by the Oregon Senate would deliver a painful one-two punch to Oregon's clean energy economy. The effect of these bills, if passed with proposed amendments, would send shockwaves through Oregon’s green energy economy and associated job market. The consideration of these bills comes just at the wrong time. According to a new report by the Pew Charitable Trusts, Oregon currently has the nation's largest and fastest growing clean energy economy.

Rural communities, businesses, and consumer groups are voicing their concerns over HB 2940 and HB 2472; bills that, with proposed amendments, will respectively erode the goal and spirit of Oregon's Renewable Energy Standard (RES) to build new renewable resources, and dramatically cut existing tax credits for businesses considering new renewable energy project development in Oregon.

The two bills would work in tandem to first reduce the market for new renewable energy like wind, solar and geothermal and then potentially encourage energy companies to build in more competitive states like Washington by cutting existing tax credits for projects in Oregon.

HB 2940 and its proposed amendments would shrink the market for new renewable energy by allowing existing biomass, existing hydropower and municipal solid waste facilities to qualify for the Oregon RES. This would significantly erode the RES by reducing the demand for new renewable energy projects serving Oregonians. Taken together with its proposed amendments, HB 2940 would cut the amount of new renewable energy required by the RES by at least 25%.
Proposed amendments to HB 2472 reduce the tax credit for new projects to 30% of facility costs, with facility costs capped at $10 million. This is a drop from the current tax credit value of 50% of facility costs, where facility costs are currently capped at $20 million. For example: a $50,000 solar project’s tax credit would be reduced to $15,000 from $25,000.

The proposed amendments to HB 2472 would effectively take away Oregon's coveted spot as a key state to develop new clean energy projects by reducing these tax credits reserved for renewable energy developers. The legislation would give Washington, which retained and extended their tax credits despite a $9 billion budget deficit, a significant edge over Oregon in attracting new renewable energy projects to the state. The proposed amendments to HB 2472 also require a retroactive reduction in tax credits starting June 1, 2009, penalizing companies who planned for clean energy project development using the current credit levels.

The combined effect of these bills could mean a major loss of property tax revenue and jobs in rural counties, where most wind projects are built. To date, 1,224 MW of wind projects have produced approximately $225 million in rural property tax revenues and community service fees, $2 billion in capital investment, 1,650 construction and operations jobs and $4-8 million annually in landowner payments to ranchers and farmers. Over 2,300 MW of additional wind projects have been proposed for construction in Oregon.

"The surge in wind energy has been a boon for rural and adjoining communities, providing jobs and critical income that helps us our preserve our way of life," Said John Hilderbrand, an Oregon wheat farmer.

Farmers like John may miss out on future renewable energy projects if changes in existing policy encourage developers take their business elsewhere.

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