

**SENATE REVENUE COMMITTEE**  
**JUNE 14, 2005 9:00 AM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Gary George  
Senator Rick Metsger  
Senator Floyd Prozanski  
Senator Charles Starr, Vice Chair

Witnesses Present: Senator Frank Morse, District 8  
Stephen Kafoury, Metro Multi-Family Housing Counsel (MMHC)  
Chris Robinson, MMHC  
Joe Schweinhart, Associated Oregon Industries (AOC)  
Senator Ben Westlund, District 27  
Jon Miller, Oregon Solar Energy Industries Assn. (OSEIA)  
Jeff Bissonette, Citizens Utility Board of Oregon  
Mike Graine, Dept. of Energy  
Frank Vignola, Oregon Million Solar Roofs Coalition

Staff Present: Paul Warner, Legislative Revenue Officer  
Mary Ayala, Economist  
Lizbeth Martin-Mahar, Economist  
Barbara Guardino, Committee Assistant

**TAPE 140, SIDE A**

005 Chair Deckert Calls meeting to order at 9:07 a.m.

**WORK SESSION, SB 2951-A**

025 Lizbeth Martin-Mahar Explains HB 2951-A2 amendment (**EXHIBIT 1**). Extends sunset law 10 years instead of 20. Revenue impact has not changed (**EXHIBIT 2**).

039 Vice Chair C. Starr **MOTION: MOVES THE ADOPTION OF THE HB 2951-A2 AMENDMENT.**

042 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 3-0-2. VOTING AYE: GEORGE, C. STARR, DECKERT. EXCUSED: METSGER, PROZANSKI**

045 Vice Chair C. Starr **MOTION: MOVES HB 2951-A AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**

048 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 4-0-1. VOTING AYE: GEORGE, METSGER, C. STARR, DECKERT. EXCUSED: PROZANSKI**

### **WORK SESSION, SB 853-A**

- 073 Sen. Frank Morse Proposes SB 853-A6 amendment (**EXHIBIT 3**), which deletes the requirements for Dept. of Revenue to track university venture development funds. Dept. has determined it is not necessary.
- 083 Paul Warner Gives overview SB 853-A6 amendment, which combines -2, -3 and -5 amendments. It charges universities with tracking responsibilities rather than DOR.
- 090 Warner Explains the preliminary revenue impact statement (**EXHIBIT 4**). Estimates are based on speculation in terms of timing, as shown on page 2 of the preliminary impact statement. Bill would have a positive impact in the 2011-2013 biennium.
- 128 Chair Deckert Gives background context for the bill.
- 163 Sen. Morse Comments on the \$2 million that was in the original bill. Was concerned that this one-time shot of money would not be adequate over time. The recapture component makes it a rolling credit.
- 190 Chair Deckert Comments, it combines a person's entrepreneurial interest with a love for his/her alma mater. The research recaptures the investment.
- 212 Vice Chair C. Starr **MOTION: MOVES ADOPTION OF THE SB 853-A6 AMENDMENT.**
- 216 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 5-0-0. VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**
- 220 Vice Chair C. Starr **MOTION: MOVES SB 853-A AS AMENDED TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**
- 223 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 5-0-0. VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**

### **PUBLIC HEARING, HB 2659-A**

- 245 Mary Ayala Gives overview of HB 2659-A, which retains the 6-year limit for filing a refund claim and simplifies the approval process (**EXHIBIT 5**). Discusses the revenue impact (**EXHIBIT 6**).
- 277 Stephen Kafoury Testifies in favor of the bill. Explains the purpose of Metro Multi-Family Housing Counsel. This bill does not change current law; it clarifies it and straightens out misinterpretations. There is no opposition.
- 312 Chris Robinson See written testimony, Talking Points (**EXHIBIT 7**). In terms of revenue impact, HB 2659-A offers consistency. This bill ensures consistent practice.
- 330 Chair Deckert Asks if Robinson has ever litigated a case.
- 333 Robinson Responds, there is no pending litigation on the refund issue. Gives an example where this might be problematic in cases of affordable housing.

377 Joe Schweinhart Testifies in support of HB 2659-A. This is a fairness issue. Current language is obsolete. There should not be discretion to pay a refund.

**WORK SESSION, HB 2659-A**

414 Vice Chair C. Starr

**MOTION: MOVES HB 2659-A TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**

417 Chair Deckert

**ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 5-0-0. VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**

**PUBLIC HEARING, SB 733-A**

430 Martin-Mahar

Gives overview of SB 733-A, which expands the residential energy tax credit to taxpayers who purchase large solar electric systems (**EXHIBIT 8**). There will be no revenue impact until the 2007-09 biennium (**EXHIBIT 9**).

**TAPE 141, SIDE A**

029 Sen. Ben Westlund

Testifies, SB 733-A is about creating jobs in a region that needs it – eastern Oregon – and will help attract global energy manufacturers. Those businesses are seeking a signal that Oregon is going to step up and value renewable energy on par with its neighbors. SB 733-A helps send that signal. World-wide, the solar industry is growing at an astounding rate, and Oregon wants to capture some of it. SB is a significant step in the right direction.

065 Sen. Metsger

Asks for more information about the solar manufacturing industry, and how it would encourage more solar system production facilities.

070 Sen. Westlund

Responds, installation creates jobs. On the manufacturing side, several world-wide companies are very interested in Oregon. “They like to be where they are appreciated.” They’re holding off in order to see what Oregon’s legislature does.

086 Chair Deckert

Comments that appreciation is important to this industry.

094 Sen. Westlund

Foreign companies are looking for sites in the United States, partly because of symbolism and partly because of economic incentives.

111 Sen. Metsger

Expresses concern with the cost of the system, and asks what would happen to the credit if the price of technology went down. Suggests a cap on the credit to mitigate this possibility.

137 Sen. Westlund

Responds, the legislature can revisit this bill. Wouldn’t that be the best of both worlds, if the technology progresses to the point that the state’s investment produces a better return? Installation of these systems removes demand for energy from the grid.

160 Sen. Metsger

Suggests building into the bill a way to account for technology changes. This bill is a great idea.

181 Sen. Prozanski

Understands there’s already a solar manufacturer in the Bend area. Comments that not only would people being assisted in making the

investment, but energy would be turned back to the grid. This bill can be adjusted in two years and would be a wonderful long-term investment to the state. Comments on Pacific Northwest Solar Resource chart (**EXHIBIT 10**).

- 250 Jon Miller Testifies in support of SB 733-A. This is not an increase in the tax credit, it is a revision. See testimony, paraphrased (**EXHIBIT 11**). "A revolution is coming." Refers to chart on page 2 of testimony, which details recent growth. California is the third largest solar market in the world. They are 40 times Oregon's market, and are installing an enormous amount more.
- 315 Chair Deckert Asks how other states handle the bond measure.
- 324 Miller Responds, it is public buildings. The bond measure is financed through energy efficiency. Continues, even though SB 733-A is a small program, it makes a big difference. Oregon cannot afford to ignore this industry.
- 336 Frank Vignola Testifies in support of SB 733-A. Comments on Pacific Northwest Solar Resource chart. Oregon has established networks of experts and is a leader in the nation on training the solar workforce. It is located near major markets, so the potential and interest are there. What is needed is a stable market. This legislation will provide that.
- 422 Sen. Prozanski Thanks Vignola for his work. Asks about a similar bill in the House.
- 436 Vignola Responds, HB 3001 would require new public buildings to spend 1% on solar technology. It would help create a stable market and bring down energy costs.

**TAPE 140, SIDE B**

- 020 Sen. Prozanski Comments that Oregon was the first state to install solar energy in its capitol building.
- 035 Sen. George Comments, when hybrid cars came out, the government stepped up and provided an incentive. It was so successful the government backed off. Might that also happen with solar energy?
- 049 Vignola Yes, costs will come down as the market grows, but there still needs to be an investment up front.
- 057 Miller Adds, prices will come down, but not that fast.
- 063 Mike Grainey Testifies in support of bill. The solar industry is growing. Over the past 20 years, 20,000 Oregonians have used it. This legislation will help encourage greater use of solar energy. It is important in terms of the solar manufacturing and development industry. It's also important that there be a system of distributors. Comments that DOE's revenue estimates are similar to the LRO impact statement.
- 095 Sen. Metsger Asks Miller to respond to the idea of a cap.
- 102 Miller Responds, nobody could afford this today because of the expense. If users decide to increase the size of their system, they can get another

		tax credit. The current tax credits were not made for this type market.
127	Sen. Metsger	Asks Mr. Grainey to remark on the revenue impact going forward six years. This doesn't grow the industry very much.
132	Grainey	Explains, how he came to this rough estimate. It will likely increase with the impact of the incentive. DOE assumed 200-to-250 solar systems per year.
154	Martin-Mahar	Adds, the assumption is that there will be good growth.
170	Miller	Industry growth is not necessarily the number of installations; it's the ability to attract a manufacturer by having a local base.
207	Jeff Bissonette	Testifies that the Citizens Utility Board of Oregon heartily supports SB 733-A. Underscores the broad base of support within the legislature and the broad range of constituents across the state. The industry is young, and the solar industry in Oregon is looking at bigger and better. Lawmakers will hear more ideas in the coming sessions.
236	Chair Deckert	Closes public hearing. Adjourns meeting at 10:20 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. HB 2951-A, Amendment HB 2951-A2, Legislative Counsel, 6/8/05, 1 pp.
2. HB 2951-A, Staff Measure Summary, Martin-Mahar, 6/14/05, 1 pp.
3. SB 853-A, Amendment SB 853-A6, Morse, 6/9/05, 5 pp.
4. SB 853-A, Revenue Impact of Proposed Legislation, Warner, 5/27/05, 2 pp.
5. HB 2659-A, Staff Measure Summary, Ayala, 6/14/05, 1 pp.
6. HB 2659-A, Revenue Impact of Proposed Legislation, Ayala, 6/14/05, 1 pp.
7. HB 2659-A, Talking Points, Robinson, 1 pp.
8. SB 733-A, Staff Measure Summary, Martin-Mahar, 6/14/05, 1 pp.
9. SB 733-A, Revenue Impact of Proposed Legislation, Martin-Mahar, 6/14/05, 1 pp.
10. SB 733-A, Pacific Northwest Solar Resource, Vignola, 1 pp.
11. SB 733-A, OSEIA, testimony of Jon Miller, 2 pp.