

HOUSE COMMITTEE ON COMMERCE

SUBCOMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 15, 1999 Hearing Room 350

1:00 p.m. Tape 23

MEMBERS PRESENT: Rep. Jerry Krummel, Chair

Rep. Bob Montgomery

Rep. Diane Rosenbaum

MEMBER EXCUSED: Rep. Ryan Deckert

STAFF PRESENT: Jason Cody, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

HB 2878 ñ Public Hearing

SB 297 Public Hearing and Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
TAPE 23, A		
005	Chair Krummel	Calls meeting to order at 1:58 p.m. and opens the public hearing on HB 2878.
<u>HB 2878 ñ PUBLIC HEARING</u>		
008	Jason Cody	Explains HB 2878 and reviews testimony presented at the meeting on March 10.
032	Brent Gunderson	President, Sun, Wind & Fire Co. Explains his company is a wholesaler of solar

		equipment. Comments on the potential fiscal impact of the tax credit created by HB 2878 on the State of Oregon. They expect about 20 systems a years to be installed because the system costs from \$10,000 to \$30,000. They are still looking for people with large enough incomes to benefit from the tax credit.
070	Rep. Montgomery	Asks how many firms in Oregon manufacture the system.
075	Gunderson	Explains they are the suppliers of the technology and there is no manufacturer in Oregon. The closest manufacturing company is in Vancouver, Washington.
080	Rep. Montgomery	Asks if there is a tax credit program in Washington.
082	Gunderson	Responds there is not. He believes the reason the company may have located in Washington was because of the tax structure on plants and equipment, but it was mainly on the price of electricity. Adds that there will be local plants manufacturing the product because of the shipping costs.
100	Rep. Montgomery	Asks if a tax credit has been proposed in Washington.
102	Gunderson	Responds that Washington does not have an income tax and therefore cannot have a tax credit. Comments that the only plant in the industry on the West Coast manufacturing solar cells is in Vancouver, Washington.
113	Rep. Rosenbaum	Comments Oregon already has an alternative energy tax credit. Asks if these devices would not qualify unless this legislation is passed.
119	Cody	Explains the energy tax credits in Oregon and that HB 2878 asks for a \$9,000 tax credit.
133	Gunderson	Explains a \$9,000 tax credit would require an initial investment of \$30,000 by the client. Adds that the chances of finding people who can invest \$30,000 to get a \$9,000 tax credit from Oregon, over an x number of years, to generate about \$1 of electricity a day will depend on someone wanting to be a pioneer in the technology. They believe most systems will be 1,000-watt systems with a \$3,000 tax credit. The smallest system could be 300 watts with a \$900 tax credit. Adds that the systems do qualify for the full \$1,500 alternative energy tax credit but there are no takers at \$1,500 and expect maybe 20 takers at the new tax credit rates.
159	Gunderson	Adds there are a couple hundred systems with this new technology in California per year. Oregon happens to have 20. Adds that they are trying to develop an industry and infrastructure.
162	Rep. Rosenbaum	Comments she would assume the people who purchase these systems would be in the upper income bracket.
166	Gunderson	Responds that the people, who cannot pay their electric bills and need it the

		most, cannot afford it. Adds they do need people with a discretionary higher income to purchase this.
187	Rep. Montgomery	Comments on the distributor being in Vancouver, the extension of the tax credit to Oregonians and the need for jobs in Cascade Locks.
198	Gunderson	Explains his company is a distributor and sells to dealers, contractors and licensed professionals. His company buys from the manufacturer.
215	Chair Krummel	Asks if Mr. Gunderson's company is working through the utility companies to provide any type of incentive.
228	Gunderson	Comments their company is small and he would love to work with utilities. They are not working with any of the utility programs because the utilities do not have any programs. Adds that the well-capitalized companies are in the solar business and questions how to get PGE to do more with solar.
243	Chair Krummel	Closes the public hearing on HB 2878 and opens the public hearing on SB 297.
<u>SB 297 n PUBLIC HEARING</u>		
266	Vickie McLean	Administrator, Central Services Division, Oregon Public Utility Commission (PUC). Submits and reads a prepared statement in support of SB 297 (EXHIBIT A).
336	Chair Krummel	Asks if this is considered an access fee or an excise tax.
356	McLean	Responds the PUC refers to it as a surcharge.
351	Rep. Montgomery	Asks if Ms. McLean knows what the Senate vote was on the bill.
368	McLean	Responds that all Senators present voted for the bill.
365	Chair Krummel	Closes the public hearing and opens the work session on SB 297.
<u>SB 297 n WORK SESSION</u>		
392	Rep. Rosenbaum	MOTION: Moves SB 297 to the full committee with a DO PASS recommendation.
399		VOTE: 3-0 EXCUSED: 1 - Rep. Deckert

	Chair Krummel	Hearing no objection, declares the motion CARRIED. REP. ROSENBAUM will lead discussion in full committee.
416	Chair Krummel	Closes the work session on SB 297 and adjourns the meeting at 2:23 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jason Cody,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 297, prepared statement, Vicki McLean, 2 pp