

**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
81st Oregon Legislative Assembly  
2021 Regular Session  
Legislative Revenue Office

<b>Bill Number:</b>	<b>SB 154 - A</b>
<b>Revenue Area:</b>	<b>Property Tax</b>
<b>Economist:</b>	<b>Jaime McGovern</b>
<b>Date:</b>	<b>06/14/2021</b>

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:**

Extends sunset of program under which property constituting solar project may be exempt and instead pay fee in lieu of property taxes. Allows for payment in lieu of tax (Pilot) payments negotiated between \$5,500 and \$7,000 per megaWatt.

**Revenue Impact:**

There is no direct revenue impact from this measure as it is permissive.

**Impact Explanation:**

The revenue impact likely negative, but the magnitude is contingent on the continued growth of eligible solar projects in Oregon, and signed agreements by the governing bodies of counties and solar project owners. The most current Department of Revenue Tax Expenditure Report estimates a \$14.7 million loss in property taxes for the current biennium. During this same time, approximately \$3 million in PiLoT revenue is expected from these projects, offsetting a portion of the loss. The amount of projects, both in value and capacity have been doubling annually since the PiLoT program began with the passage of HB 3492 in 2015. The current PiLoT program expires on January 1, 2022. Contracts signed on or before that date will continue to receive the agreed upon PiLoT treatment for up to 20 years, as negotiated. Passage of this measure affects the expected local revenue in several ways. First, the county may sign additional contracts under the new sunset extension. In addition, passage of this measure allows for lower PiLoT rates down to \$5,500 per megaWatt potentially increasing the net revenue loss to the counties for eligible projects. Finally, the measure clarifies that counties must specify whether the land under the solar project is exempt under the PiLoT or taxable.

**Creates, Extends, or Expands Tax Expenditure: Yes  No**

The policy purpose of this measure is to incentivize renewable energy development in Oregon.