

BUSINESS ENERGY TAX CREDIT

Key to Maintaining Oregon's Leadership in the Renewable Energy Economy

Investment in new renewable energy product manufacturing and generation and increased energy efficiency is critical to spur economic growth, fight global warming, and preserve the unique quality of life across Oregon. Increased renewable energy development ensures that communities can count on jobs, economic development, and a bright future; utilities can count on stable, dependable power; and consumers can feel good about the legacy they are leaving future generations.



When Element Power CEO Ty Daul considered where to headquarter his new renewable energy development company in the summer of 2009, he weighed the pros and cons of a number of cities. But he settled on Portland, Oregon.

While Ty's roots in the Northwest influenced his decision, the biggest factors for him and his co-founders were Oregon's ongoing support for renewable energy development and the resultant concentration of regional and national renewable energy companies in the Portland metro area.

"Like many businesses, our success is directly tied to supportive public policy and our ability to attract top notch talent. Oregon's leadership on both fronts was a key factor in our decision to establish our headquarters here," said Daul.

To date, Oregon has seen more than \$2 billion in investments in renewable energy projects, resulting in:

- Over 1600 jobs created;
- Over \$76 million in farmland leased;
- Over \$142 million in property taxes and community service fees contributed.
- Oregon now ranks #1 in the nation in green jobs per capita.
- In 2008, Oregon ranked #2 in the US for its energy efficiency programs and policies which have saved Oregonians hundreds of millions of dollars.*

* The American Council for an Energy Efficient Economy

While Oregon has emerged as an early leader in renewable energy product manufacturing, renewable energy generation and increased energy efficiency, competition for limited dollars being invested nationally is becoming fierce. To maintain and expand its leadership, Oregon must continue to ensure a competitive business climate that makes continued investment not only justifiable, but desirable.

The majority of states now have some type of Renewable Energy Standard which requires a minimum amount of renewable energy generation. But the location of this generation remains up for grabs because of the ability to sell energy across state borders. Property tax, sales tax, tax credit differences and incentives dictate investment decisions by development companies.



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Examples of Oregon and Washington Wind Project Tax Liabilities

TAX (CREDIT)	WASHINGTON	OREGON w/\$10m BETC	OREGON w/\$3m BETC
Sales Tax	Exempt	None	None
Property Tax (\$/Mwhr) " (\$/mw installed)	(\$1.79) \$3,679	\$3.57 \$8,927	\$3.57 \$8,927
BETC	None	\$(2.49/Mwhr)	\$(0.75/Mwhr)
Summary tax liability	\$1.79/Mwhr	\$1.08/Mwhr	\$2.82/Mwhr

* Washington project in Klickitat County using established valuation and tax rate

**Oregon project assumes Strategic Investment Program (SIP) in lieu of property tax consistent with recent Leaning Juniper 2 agreement. 2008-2009 SIPs have ranged from \$3.02-\$4.96/Mwhr



- Oregon must uphold its commitment to projects that have received preliminary incentive certifications to provide certainty to the market and encourage additional investment in the state.

- Oregon's policies must support both small and large-scale renewable energy project development and are accessible to non-profits, businesses, and public entities.



For more information contact:

John Audley
Deputy Director
503-863-6000
John@RNP.org

Margi Hoffman
RNP Lobbyist
503-550-3556
MargiH@strategies360.com

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