

## SUSTAINABILITY

# Multifaceted incentive programs move Oregon to front of pack

**BUSINESS ENERGY TAX CREDIT ISN'T THE ONLY GAME IN TOWN WHEN IT COMES TO PROGRAMS FOR RENEWABLE ENERGY AND SUSTAINABILITY**



### GUEST COMMENTARY

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With all the attention that Oregon's Business Energy Tax Credit, or BETC, has been getting of late, it might seem as if it's the only game in town that's providing incentives for renewable energy and sustainability projects in the state. But BETC is much broader than the points of concern raised by various critics, and there are a number of other non-BETC programs available that continue to make Oregon a leader in providing businesses and residents with significant incentives for sustainability projects.

BETC's recent notoriety arose in part when some renewable energy projects were broken down into several smaller ones to qualify for separate credits. There were also huge increases in the number of tax credits sold to pass-through partners such as banks and large corporations, and in the amount of program money going to large-scale wind projects that arguably are becoming more cost-competitive with traditional fossil fuel resources. Critics charged that the program has cost state taxpayers dearly while not producing enough jobs. These concerns

led to the Oregon Department of Energy adopting temporary administrative rules changing aspects of the program, and the Legislature is likely to consider fixes when it convenes in special session in February.

But in all the furor, it should not be overlooked that other less-controversial parts of BETC, together with several separate state and local programs, provide significant incentives that make Oregon a sustainable business leader in the U.S. The incentives include tax breaks, low-interest loans and facilitating permits.

In addition to the provisions currently under the critical microscope, BETC also has provisions for tax credits that apply to sustainable buildings, which the statute defines as those that meet state energy department requirements and achieve a silver certification in the U.S. Green Building's Leadership in Energy and Environmental Design, or LEED, program. Home builders can also receive a tax credit under other BETC provisions if they install renewable energy systems as part of their new home construction. The basic credit is \$9,000, but a high-performance home certified as such through the Northwest Energy Stars Homes Program that meets other technical criteria can qualify for a \$12,000 credit. Similarly, lighting and weatherization retrofits for rental properties may be eligible for a BETC tax credit, provided the project results in 10 percent

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more energy efficiency than the existing installation. Finally, BETC also includes tax incentives for projects that invest in cleaner burning fuels, projects that develop new markets for recycled material, and programs that an employer institutes to reduce employees' vehicle miles traveled.

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finance loans for home or business-sized energy projects within those districts. Property owners who use the program repay the loan on their gas or electric bills, or on their property taxes. An additional measure in the bill requires that contractors who work on such projects draw at least 80 percent of their employees from the local workforce and pay them at least 180 percent of the state minimum wage. The program has yet to be implemented because HB 2626 lacked a provision for making the liens senior to any other loans, but once it takes effect the measure could prove to be a significant incentive.

There also are several programs through the Energy Trust of Oregon, which is funded by a charge on the

Other state incentives outside of BETC address the lack of financing, which has been one of the biggest hurdles in the past year for renewable projects of all sizes. The 2009 Oregon Legislature adopted House Bill 2626 to provide low-interest financing of up to \$40,000 per project for smaller-scale renewable energy projects. The program provides that cities and counties may set up local improvement districts and sell bonds to

state's private utility customers. The trust provides rebates to businesses and homeowners for a variety of energy conservation, retrofitting and new construction efforts. The business rebates are capped at \$500,000 per project. Energy Trust also administers a rebate program for wind power projects up to 20 megawatts that are connected to the grid and can provide power to Portland General Electric or Pacific Power and Light. Finally, the city of Portland has a program to expedite permitting for solar energy projects. The city's Bureau of Development Services developed an electronic permitting process for residential solar energy system installations that can result in a 24-hour turnaround for permits. The program requires training for contractors and has specifications for roof structure, materials, loading and panel height. The program also caps fees for permits.

The number of programs can be daunting, but information is available online about these and other programs both through the Database of State Incentives for Renewables and Efficiency at [www.desireusa.org](http://www.desireusa.org), and through state energy department, Energy Trust of Oregon and city of Portland Web sites.

While Oregon has positioned itself as a national leader in renewable energy and energy efficiency programs, competition is growing from other states. Oregon should not lose sight of the need to continue to build its reputation as a leader in sustainability.

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