***Energy***

**Solar Payment in Lieu of Taxes Program Extension**

**(+)** [**SB 154**](https://olis.leg.state.or.us/liz/2021R1/Measures/Overview/SB154)

*Passed*

##### **Summary**

In 2015, House Bill 3492 created the “Solar PILoT” program, under which utility scale solar projects may elect to pay a fee in lieu of taxes for a 20 year period at a rate of $7,000/megawatt. Local governments can opt in to the program, it may not be stacked with any other exemptions, and fees are distributed as tax revenue. The program would have sunset in 2022 without action in the 2021 legislative session.

Developers have experienced declining rates for solar power since the inception of the Solar PILoT in 2015 and therefore requested a decrease in the original $7000/mw rate as part of the discussion to extend the program. Counties agreed to extend the Solar PILoT by 6 years and to set a flexible fee with a $5,500/mw floor and $7,000/mw ceiling - allowing counties to negotiate with potential developers.

In addition to extending the sunset and setting a flexible rate in statute, SB 154 stipulates that a Solar PILoT agreement must indicate how the land is treated with respect to the exemption and fee in lieu of property taxes and clarifies that the fees shall be apportioned and distributed among the taxing districts that have jurisdiction over the property.

**AOC Engagement**

A stakeholder work group including county commissioners, the Community Renewable Energy Association (CREA), the Oregon State Association of County Assessors (OSACA), the League of Oregon Cities (LOC), the Oregon Department of Revenue (DOR), and the Oregon Solar + Storage Industries Association (OSSIA) began meeting in late 2020 and to reach a comprehensive compromise. AOC advocated for the passage of SB 154 through the Senate Committee on Energy and Environment and the Joint Committee on Tax Expenditures before the bill moved through both chambers with bipartisan support.

##### **Messaging**

Community-scale solar projects that are established, owned, and operated locally provide multilayer benefits to communities in the form of renewable energy, economic development, and increased county revenues. The Solar PILoT program creates levelized property tax expenses which incentivizes project financing and development. As of 2019, there were 20 Solar PILT filers statewide -- the number of projects, both in value and capacity, have been doubling annually since 2015.

**Fiscal Impact**

Minimal.

##### **Revenue Impact**

No direct revenue impact since the program is permissive to counties.

##### **Effective Date**

91 days following adjournment.

##### **Votes**

Senate Floor: 23-6

House Floor: 50-6

**Renewable Hydrogen Study**

**(+)** [**SB 333**](https://olis.leg.state.or.us/liz/2021R1/Measures/Overview/SB333)

*Passed*

##### **Summary**

Directs the Oregon Department of Energy to conduct a study of the benefits and barriers to renewable hydrogen production and use in Oregon and report to the legislature by September 2022. The study will include the total hydrogen volume currently used annually, the identification of potential applications in Oregon by 2030, an assessment of potential for coupling renewable electricity and renewable hydrogen production, forecasted costs, and the identification of barriers.

##### **Messaging**

The AOC Transportation & Community Development Steering Committee in 2021 prioritized support for policies that encourage the development and use of alternative energy like renewable hydrogen.

**Fiscal Impact**

No fiscal impact to counties.

##### **Revenue Impact**

No revenue impact.

##### **Effective Date**

91 days following adjournment.

##### **Votes**

Senate Floor: 28-1

House Floor: 53-0

**County Solar Siting Technical Fix**

**(+)** [**HB 2109**](https://olis.leg.state.or.us/liz/2021R1/Measures/Overview/HB2109)

*Passed*

##### **Summary**

HB 2329 (2019) created a new exemption from the Energy Facility Siting Council (EFSC) review for larger solar photovoltaic, geothermal, and wind energy projects on land zoned for exclusive farm use, instead allowing for local review of projects under those specific parameters. HB 2329 (2019) included a new statutory definition of renewable energy facilities (ORS 215.446) which inadvertently included all types of energy generation in all zones. As drafted, HB 2329 unintentionally triggered Measure 56 notice provisions by applying new review criteria on all renewable energy facilities subject to local review located in any rural land zoning category.

Measure 56 requires the Department of Land Conservation and Development to notify counties of any new or amended statute that "that limit[s] or prohibit[s] otherwise permissible land uses" and requires the local government to notify affected landowners. DLCD is then required to reimburse local governments for the costs of notification, which has been estimated to cost DLCD up to $750,000 due to this unintended error in HB 2329. By tailoring the definition, HB 2109 avoids pulling in and applying HB 2329's new local permit requirements to other, unintended renewable energy facilities and avoids significant unintended and unanticipated costs.

**AOC Engagement**

AOC worked with DLCD staff to ensure the language in HB 2109 was narrowly crafted to achieve the desired outcome and [advocated](https://olis.leg.state.or.us/liz/2021R1/Downloads/PublicTestimonyDocument/25448) for its passage in the legislature.

##### **Messaging**

It is clear from the HB 2329 (2019) legislative record and written confirmation from the Chief Sponsor, Representative Helm, that the Measure 56 notice trigger was unintentional. HB 2109 makes a straightforward and necessary technical fix to avoid an unbudgeted outcome.

**Fiscal Impact**

No fiscal impact.

##### **Revenue Impact**

No revenue impact.

##### **Effective Date**

Effective on passage.

##### **Votes**

House Floor: 51-4

Senate Floor: 25-5

**100% Renewable Electricity (Community Renewable Grants)**

**(+)** [**HB 2021**](https://olis.leg.state.or.us/liz/2021R1/Measures/Overview/HB2021)

*Passed*

##### **Summary**

House Bill 2021 is a comprehensive piece of legislation which requires retail electricity providers to reduce greenhouse gas emissions associated with electricity sold to Oregon consumers to 80 percent below baseline emissions levels by 2030, 90 percent by 2035, and 100 percent below baseline emissions levels by 2040.

AOC did not take a position on the overall bill, but supported the appropriation of $50 million to the Community Renewable Investment Program, contained in Sections 29-36.

**AOC Engagement**

AOC staff worked with the bill sponsors and stakeholders to ensure that grant money under the Community Renewable Investment Program be focused on small-scale projects under 20 megawatts. This ensures that the $50 million is available to projects serving smaller communities -- those that need the capital the most -- and is not consumed quickly by larger, more well-capitalized projects. Grants will be awarded by January 2023.

##### **Messaging**

Small-scale solar projects that are established, owned, and operated locally provide multilayer benefits to communities in the form of renewable energy, economic development, and increased county revenues.

**Fiscal Impact**

No fiscal impact to counties.

##### **Revenue Impact**

No revenue impact.

##### **Effective Date**

91 days following adjournment.

##### **Votes**

House Floor: 35-20

Senate Floor: 16-12