

Additional Information on Oregon Business Energy Tax Credit (BETC) Incentives

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Business Energy Tax Credits (BETCs) are offered for trade, business, or rental property owners and/or their partners who pay taxes for business sites in Oregon and who are investing in energy conservation, recycling, renewable energy resources, and lower-pollution transportation fuels. They are administered through the Oregon Department of Energy - Conservation Division. Business owners should be encouraged to consult with tax professionals, and contacting the BETC program directly before beginning any proposed project. Information is provided online at <http://www.oregon.gov/ENERGY/CONS/BUS/BETC.shtml>.

To qualify for a tax credit, conservation retrofit projects must be 10 percent more efficient than existing installation. You can also qualify for a tax credit for installing energy-efficiency measures during construction. Measures must reduce energy use by at least 10 percent compared to a similar building that meets the minimum requirements of the state energy code.

The tax credit is 35 percent of the incremental (or addition) costs of making the project exceed energy code or standard industry practice. New construction projects must have a simple payback of 1 to 15 years. BETCs cover a wide range of efficiency investments including (but not limited to) the following projects.

Energy Efficiency Projects

Conservation. Retrofit projects must be at least 10 percent more efficient than existing installation. New construction projects must reduce energy by at least 10 percent compared to similar buildings.

Conservation projects include:

- Insulation
- HVAC upgrades
- Heat Recovery
- Variable Frequency Drives (VFDs)
- Controls
- Irrigation
- Other process changes that reduce energy use

Lighting. Retrofits must be 25 percent more efficient than existing installations. Additionally, project owners must report how they will recycle fixtures, lamps, and thermostats replaced in the project, and thereafter. New construction projects must be 10 percent more efficient than energy code or standard industry practice.

Renewable Energy Projects

High Efficiency Combined Heat and Power. Heat and power produced from a single fuel source with a fuel-chargeable-to-heat-rate yielding annual energy savings of 20 percent (5,440 BTU per kWh) qualify. The BETC website offers technical information for planning such requirements. Facilities that meet these requirements are eligible for a 50 percent tax credit. Facilities that can only partially meet this requirement may still be eligible for a 35 percent credit.

Energy Resource Generation. To be eligible, participants must replace at least 10 percent of the electricity, gas, or oil used (additional incentives exist for smaller solar projects). Energy can be used on site or sold. Eligible projects include but are not limited to:

- Solar photovoltaic/solar thermal
- Hydro-electric
- Wind
- Geothermal
- Biomass

Transportation

BETC's incentive programs apply to a number of efficient transportation options.

Fleet. These principally reflect options for service-and-use vehicles used in a business. Note: hybrid gasoline-electric vehicles do not apply as of January 1, 2010.

- Alternative fuel infrastructure
- Alternative fuel vehicles
- Efficient truck technology
- Electric all-terrain vehicles
- Hybrid gasoline-electric vehicles

Transportation/Telework. These incentives apply to business programs that encourage reductions in the use of personal vehicles, and may apply both to programs that offer employees commuting alternatives as well as those that reduce the use of personal vehicles for business operations. Additionally, incentives apply to memberships in transportation management associations which offer best-practices advice and even training to employers and employees who are committed to transportation alternatives. Finally, incentives exist for employers who offer telecommuting options to their employees. The BETC website offers specific incentive program information in the following categories.

- Public Transit
- Commuter Pool Vehicles (shuttle services, vanpools, carpools)
- Employer financial incentive programs (e.g., offering financial incentives to employees who use commuting options other than driving alone to work)
- Transportation management associations
- Bicycling
- Individualized travel behavior change (e.g., training programs that educate and make commuters feel more comfortable with alternatives to driving alone)
- Telework (telecommuting)