



Biomass Producer or Collector Tax Credit
Rule Advisory Committee
Meeting Minutes

Oregon Department of Energy
625 Marion Street NE
Salem, Oregon 97301-3737
December 8, 2009

Introductions, rule adoption process, meeting process, and timeline

- Notice of the meeting was made by press release to newspapers throughout the state and mailed/e-mailed to individuals on the rule advisory committee and interested parties mailing list.
- The Oregon Department of Energy provided an overview of the meeting agenda, the objectives for the meeting and the schedule for the next public meeting on December 18, 2009.

Agenda as follows:

- Introductions
- Review rule adoption process for the proposed certification rule.
- Discuss proposed concepts and rules.
- Determine objectives for the meeting and the schedule for the next public meeting on December 18, 2009.

Present: Andrea Simmons, Matt Krumenauer, John Pine, Jack LeRoy, Mark Standley JR, Mark Kendall, Thad Roth, Michelle Slater, Bernie Faber, Mike Bull, Tyson Kever, Levi Chamberlain, Adam P. Morrison, Steve Purkempile, Stephen Lawn, Greg Miller, Stephanie Page, Joe Misek, Dean Freeborn, Rupesh Sansgiri, Ryan Wolfenbager, Leah WolfenBager, Tomas Endicott, Bruce Cordon . Dean Foor – *(Attended via phone conference)*.

Concept Discussion

- The Oregon Department of Energy presented a series of concepts listed below for the committee and meeting attendees to discuss.

Who is Entitled to the Credit?

- The committee discussed who was eligible for receiving the tax credit and had general agreement on the following items:
 - An agricultural producer or biomass collector is eligible for the credit.
 - A biofuel producer may be eligible for the tax credit, provided they are also an agricultural producer or biomass collector.
 - The committee suggested that the current definition contained in Oregon Department of Revenue (ODOR) administrative rules is a good place to start when developing a definition.
 - Defining who has contractual or ownership rights to the biomass is a key consideration in determining eligibility for the tax credits.

- The current interpretation by ODOR that only taxpayers are eligible for the credit is appropriate.
- Taxpayers that are receiving federal grants, incentives, or payments, such as those under the Biomass Crop Assistance Program, should be eligible for this state tax credit.

What Material is Eligible?

- The committee discussed what material was eligible as biomass for the purpose of this tax credit and had general agreement on the following items:
 - The intent of this incentive was not to provide an incentive for firewood production or charcoal.
 - The department will look into the definition of “Yard Debris” and how the term is used in ORS 315, 459, and 469 and determine if additional criteria are needed to define this type of biomass for the purpose of this tax credit.
 - The department has precedent and the clear authority to adopt rules that define criteria to determine additional characteristics of biomass for the purpose of these tax credits.
 - The biomass must be produced or collected in Oregon, and must be used as biofuel or made into biofuel in Oregon. The biofuel produced may be sold out of state, for example, wood pellets manufactured in Oregon and sold out of state. In this example, the biomass delivered to the pellet manufacturer would be eligible for a tax credit provided that the manufacturing occurred in Oregon.
 - Certain biomass materials, such as manure or brown grease, may use formulas approved by the department to calculate the amount of biomass eligible for the tax credits.
 - The department needs to exercise caution in defining additional criteria as new technologies or practices may be deployed in Oregon such as torrefaction.
 - The department was asked to consider a definition of Green Ton for the purpose of this tax credit.
 - A credit may only be claimed once for each unit of biomass.

Application Requirements

- The committee discussed what the application requirements for this tax credit could include and had general agreement on the following items:
 - The committee discussed how various biomass production and collection activities are currently documented.
 - The committee provided input to the department on what documentation is currently generated for these activities and various options to be considered in creating the documentation requirements.
 - The committee suggested that a signed affirmation could be provided to ODOE to document rights to the biomass rather than providing copies of contracts, deeds, or other documents.
 - The review process and time frame for the department’s review is critical for those wishing to transfer the credit. Attendees suggested no longer than a 30-day review.

Transfer – Led by ODOR

- The ODOR presented options for how the transfer would be documented. The ODOR will be developing rules for the transfer of these tax credits.

- The ODOR expressed a desire to create a simple transfer process and coordinate the documentation of a transfer with the certification documentation to be developed by the Department of Energy.
- The ODOR answered questions related to how the credit will be transferred, how the credit will be carried forward and how the transfer of credits to multiple entities would be handled.

Other items:

- The committee and meeting attendees expressed concern regarding setting a minimum discount rate for this tax credit. This will be discussed at the December 18th meeting.
- The committee recognized that the statute does not require the Department to set a minimum discount rate.

Meeting adjourned. Discussion of rule concepts and the rules will continue at the December 18th meeting.

Matt Krumenauer
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Oregon Department of Energy

December 8, 2009