

# A Better BETC

## Improving Oregon's Business Energy Tax Credit

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Roger Valdez  
February 4, 2010

This month the state legislature will consider adjustments to Oregon's landmark Business Energy Tax Credit (BETC) program.

Sightline Institute recommends that the legislature:

1. **Keep BETC strong.** The legislature should commit to a significant level of tax credits to support investments in clean energy that create new jobs. The legislature should also conduct further analysis of BETC—and expand it in the future if it continues to provide a handsome return to Oregon residents.
2. **Extend the sunset of credits.** Extending the credits creates certainty for existing projects and new proposals that can create more green-collar jobs for Oregon's economy. Ideally, the legislature would extend the credits through the end of 2016.
3. **Build in accountability.** Creating a “claw-back” provision would allow the state to recoup any lost revenue if tax credits are given to facilities that fail to meet strict conditions set by rule-makers.<sup>1</sup> Accountability can ensure that BETC creates real jobs and economic benefits for Oregon.

In tough economic times it's understandable that some would want to revoke tax credits, but now is not the time to forgo the economic benefits of the BETC program. Many businesses are now considering efficiency and renewable energy projects; Oregon should encourage these smart new investments.

### **BETC's Promise**

Oregon's Business Energy Tax Credit (BETC), established in 1979<sup>2</sup>, offers tax credits to businesses that improve their energy efficiency or create renewable energy. The program is admired both regionally and nationally—and it has led to the American Council for an Energy Efficient Economy ranking Oregon 2<sup>nd</sup> in the nation for energy efficiency programs and policies.<sup>3</sup>

Sightline Institute, a Northwest sustainability think tank, has conducted an extensive review of the ways that well-designed energy policies can create jobs.<sup>4</sup> Sightline believes that BETC is among the most innovative and effective job-creators in the Northwest's energy sector.

The most comprehensive analysis to date of the BETC program by ECONorthwest, an economic consulting firm, found that the program contributed to job creation, energy savings, and reduced carbon emissions.<sup>6</sup>

## BETC by the Numbers

	2007	2008
<b>Spending on BETC</b>	<b>\$60 million</b>	<b>\$160 million</b>
Energy savings	\$100 million	\$192 million
Increase in economic output	\$150 million	\$353 million
Increase in wages	\$17 million	\$17 million
Increase in tax revenues	\$3 million	\$13 million
New jobs created	794	703
CO <sup>2</sup> emissions reduced	0.7 million tons	1.7 million tons

The BETC program has delivered on its promise, making Oregon’s energy policies the envy of the Northwest and the nation. While the program can be improved, the legislature should renew Oregon’s commitment to national leadership of the clean energy economy.

### About the Author

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**Sightline Institute** is a non-partisan research and communication center—a think tank—based in Seattle. Founded in 1993 by Alan Durning, Sightline’s mission is to bring about sustainability, a healthy, lasting prosperity grounded in place. Our focus is Cascadia, or the Pacific Northwest.

### Endnotes

1. “Temporary Rules Filed On Oregon Business Energy Tax Credit Program”, Press release, Renewable Northwest Project, November 3, 2009, [http://www.rnp.org/News/pr\\_ODOE\\_TempBETCchanges\\_09Nov3.html](http://www.rnp.org/News/pr_ODOE_TempBETCchanges_09Nov3.html).
2. “Tax Credits”, Slide Presentation, Oregon Department of Energy, April 2006, [http://www.epa.gov/RDEE/documents/stateforum/04\\_20\\_06/4\\_20\\_06\\_OR\\_Tax\\_Credits\\_Dillard.pdf](http://www.epa.gov/RDEE/documents/stateforum/04_20_06/4_20_06_OR_Tax_Credits_Dillard.pdf).
3. Roger Valdez, “Oregon’s Energy Policies Stimulate High Ranking”, Daily Score Blog, Sightline Institute, November 29, 2009, [http://daily.sightline.org/daily\\_score/archive/2009/11/02/oregons-energy-policies-stimulate-high-ranking](http://daily.sightline.org/daily_score/archive/2009/11/02/oregons-energy-policies-stimulate-high-ranking).
4. Alan Durning and Jennifer Langston et al, “Alan Durning et al., “Green Collar JobsPrimer: Realizing the Promise,” Sightline Institute, October September 2009, <http://www.sightline.org/research/green-collar-jobs/green-jobs-primer/green-jobs-primer-pdf>.
5. Roger Valdez, “Oregon Tax Credit Program Needs Improvement”, Daily Score Blog, Sightline Institute, May 20, 2009, [http://daily.sightline.org/daily\\_score/archive/2009/11/02/oregons-energy-policies-stimulate-high-ranking](http://daily.sightline.org/daily_score/archive/2009/11/02/oregons-energy-policies-stimulate-high-ranking).
6. Stephen Grover, “Economic Impacts of Oregon Energy Tax Credit Programs in 2007 and 2008 (BETC/ RETC): Final Report,” ECONorthwest, February 2, 2009, [http://www.oregon.gov/ENERGY/CONS/docs/BETC\\_RETC\\_Impacts-020209\\_FINAL.pdf](http://www.oregon.gov/ENERGY/CONS/docs/BETC_RETC_Impacts-020209_FINAL.pdf). Benefits of BETC shown here are calculated as net impacts, meaning that they are “over and above” what would have been achieved if the tax credit dollars were reallocated to other state government programs. “Spending” refers to the value of the tax credits given out and other related program expenditures. Figures for 2008 refer only to the first 10 months of that year.