



THEODORE R. KULONGOSKI
Governor

August 7, 2009

The Honorable Kate Brown
Secretary of State
136 State Capitol
900 Court St. NE
Salem, OR 97301

Dear Secretary Brown:

I am returning Enrolled House Bill 2472 unsigned and disapproved.

House Bill 2472 rolls back the Business Energy Tax Credit (BETC) by reducing the cap from \$10 million to \$3.5 million. The roll-backs in Enrolled HB 2472 go too far and would adversely impact Oregon's growing renewable energy sector, resulting in fewer jobs and less clean, renewable energy sources.

There is little if any dispute that since expanding the program in 2007, the BETC has proven to be one of the most effective tools for Oregon's efforts to accelerate the growth of our green economy. The BETC has aided the renewable energy industry, which in turn has provided much needed jobs while transitioning the state towards cleaner, renewable energy sources. Oregon now leads the nation in the percentage of jobs related to green energy, according to a recent Pew Charitable Trust report. I cannot support a bill that would scale back our support for one of the few growing sectors of our economy at a time when encouraging new economic opportunity is so critically important.

I understand that the underlying intent of Enrolled House Bill 2472 is to create additional revenues for the General Fund. At the same time, it would expand the BETC to include electric vehicle manufacturing which I support. I supported the A-Engrossed version of HB 2472, which would have established a \$7.5 million BETC for large projects and continued the current BETC level for smaller projects up to 20 megawatts. Unfortunately, the final version of the bill went too far and I can not support the current version of the bill.

I agree with those who state that, while the BETC has been a very successful tool for growing our green economy, the time has come to examine the incentive levels. I am convinced, however, that we must first gather the facts concerning the BETC program and then apply those facts to the underlying economics of renewable energy projects *before* we make adjustments that may risk endangering a successful program. I have signed House Bill 2180, which directs the

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Oregon Department of Energy, to conduct an economic analysis on renewable energy projects that qualify for the BETC. Once we obtain the facts, we will be able to apply those facts to a better understanding of the state's return on the investment in the BETC program.

In addition, I am directing the Oregon Department of Energy to tighten the administrative rules that govern the BETC. I've asked them to clarify issues related to multiple projects and multiple BETC applications, and to establish further conditions for the approval of BETC applications as they relate to Oregon permitting and licensing laws, cost overruns, taxes owed to the state, length of operation of facilities, and enhanced accountability for jobs created and sustained.

I have also signed HB 2067, which schedules the BETC program for sunset review by the legislature in 2012. When the legislature convenes in January of 2011, we will have the facts and the analysis by the Department of Energy to give the legislature a better understanding of the role of the BETCs in Oregon's economy and the state's return on its investment. This factual analysis will assure that Oregon spends BETC dollars as effectively as possible, saves revenue and keeps Oregon on the forefront of renewable energy development.

I am also committed to supporting the development of the electric vehicle industry, the next generation of clean vehicles in Oregon. I will continue to work with state agencies and the legislature to develop policies to encourage the manufacture of electric vehicles and battery technology, so that we can grow this emerging technology.

Sincerely,

A handwritten signature in black ink, appearing to read 'Theodore R. Kulongoski', written in a cursive style.

THEODORE R. KULONGOSKI
Governor

TRK:ks:mh