

# Oregon Business Energy Tax Credit

## Application for Preliminary Certification for Biomass Energy Infrastructure Project

Business owners investing in biomass energy infrastructure projects in Oregon may be eligible for a state tax credit. The tax credit for most Biomass Energy Infrastructure Projects is a renewable energy tax credit of 50 percent of eligible project costs. Some projects (e.g. recycling, animal bedding, landscape materials, mill residues, mixed waste) may not qualify for a renewable resource tax credit. They may qualify for as a Recycling Project which earns a 35 percent of eligible cost. The 50 percent tax credit is claimed over five years at 10 percent each. The 35 percent tax credit is claimed over five years at 10 percent for the first two years and 5 percent for three years thereafter. Credit for projects costing \$20,000 or less may be claimed in one year. Unused credits can be carried forward for eight years.

### Eligible Applicants

An eligible applicant (a project owner) must meet the following three requirements:

1. Be a trade, business or rental property owner with a business site in Oregon **or** Be an Oregon non-profit organization, tribe, or public entity that partner with an Oregon business or resident;
2. Own or be the contract buyer of the project;
3. Use the equipment yourself or lease it to another person or business in Oregon;

### Pass-through Option

Applicants (project owners) that do not have an Oregon tax liability (such as non-profit organizations, schools and other public entities) must use the pass-through option of the Business Energy Tax Credit. With this option, project owners may pass-through or transfer their 35 percent tax credit project eligibility to a pass-through partner for a lump-sum cash payment. The Oregon Department of Energy determines the rate that is used to calculate the cash payment. The Oregon Department of Energy must receive a completed Pass-through Option Application and Application for Final Certification for Pass-through Projects forms signed by both the project owner and pass-through partner before a Final Certification is issued if the pass-through option is used. The same review, rules and standards apply to projects approved under the pass-through option as those using the regular Business Energy Tax Credit Program. **Please note:** The pass-through option is also available to a project owner with an Oregon tax liability who chooses to transfer his or her tax credit. There may be tax implications to using the Pass-through Option. Consult your tax preparer.

### Timing

The Oregon Department of Energy must receive the Application for Preliminary Certification for Biomass Infrastructure Projects **BEFORE** the project owner financially commits to start the energy project. For example, **an owner must apply before purchasing equipment or signing a contract**. If a project owner starts a project and then decides to apply for the tax credit, the owner must submit a written request for a waiver with the application. The waiver request and application must be sent within 90 days of the project start date and must demonstrate an extenuating business circumstance that caused the delay in the application.

To qualify for a Business Energy Tax Credit, work on the project must begin within three years of the approval date of the Preliminary Certificate or within three years of the approval date of any

changes to the project. You must receive a Final Certificate before the credit can be claimed on an Oregon tax return.

### **Confidential Information and Disclosure**

The State of Oregon's Public Records Law (ORS 192.410 et seq.) (PRL) applies to tax credit applications submitted to the Oregon Department of Energy. The law states every person has a right to inspect any public record of a public body, subject to certain exceptions.

Trade secrets and confidential business records information may be exempt from disclosure. Certain information, including trade secrets (ORS 192.501(2) and confidential submissions (ORS 192.502(4)), may be exempt from disclosure under exemptions to the PRL. Please consult your legal counsel to determine whether these or other exemptions could apply to your application.

Mark on each page any information that you believe are trade secrets, business records or that is otherwise protected under the PRL and that you request to be kept confidential. Marking information does not guarantee that it will be kept confidential. The Director of the Oregon Department of Energy will make any decisions regarding public disclosure of information contained in this application in accordance with the Oregon Public Records Law.

Under certain circumstances, as set out in ORS 192.445 (1), the personal safety exemption to the PRL, the Oregon Department of Energy is authorized to withhold your address, phone number and electronic mail address. If you want to claim this exemption under the PRL, please contact the Oregon Department of Energy prior to sending in your application for a Business Energy Tax Credit. Please consult your legal counsel to determine whether this exemption applies to you.

The Oregon Department of Energy does not endorse any company that requests application information and does not sell this information as a mailing list.

### **Before the project begins:**

1. Complete the Application for Preliminary Certification for Biomass Energy Infrastructure Projects. Send the signed form and the payment for review charge to the Oregon Department of Energy before you start the project. Incomplete applications will not be accepted. **Note:** Be sure and check the Web site to ensure you are using the latest application version. (Dates are in the lower right-hand corner.)
2. When you receive a Preliminary Certificate you may start your project. The Oregon Department of Energy usually takes four to six weeks to review an application. Please note: You may begin your project before you receive a Preliminary Certificate; however, there is no guarantee of project approval if you do.
3. If vital characteristics of the project change after receiving the Preliminary Certificate, the project owner should submit a signed, written, detailed description of the changes to the project and energy savings estimates. An increase in cost only does not qualify as a project change. If the Oregon Department of Energy approves a project change, a project owner may be required to pay an additional review charge.

## After the project is complete:

1. Apply to the Department of Energy for final certification. If the project costs are \$50,000 or more, you must send a letter from a certified public accountant (not employed by you) that he or she has reviewed the project costs. If your project costs are less than \$50,000, send copies of the dated invoices, canceled checks or receipts that show proof of payment.
2. The Oregon Department of Energy will review the final application and may issue a Final Certificate. Under no circumstances can the Oregon Department of Energy approve more than 110 percent of the amount of eligible project costs shown on the Preliminary Certificate unless the project was amended in writing and received approval before completion. **The sum of all financial incentives and the tax credit may not exceed the total eligible project costs.**
3. You may file for the tax credit over five years (10 percent for years one and two; 5 percent for years three, four and five). If the eligible project costs are \$20,000 or less, you may file for the tax credit in one year. You may begin claiming the tax credit the year the project is finished or the year the Oregon Department of Energy issues the Final Certificate.

### Questions?

For questions on claiming the tax credit, contact the Oregon Department of Revenue ([www.oregon.gov/DOR](http://www.oregon.gov/DOR)) or call 1-800-356-4222.

For questions concerning the project, call the Oregon Department of Energy at 1-800-221-8035 (toll-free in Oregon) or (503) 378-4040 (Salem). Or visit our Web site ([www.oregon.gov/energy](http://www.oregon.gov/energy)).



**Oregon Business Energy Tax Credit  
Application for Preliminary Certification**

***Biomass Energy Infrastructure Project***

<b>Are you eligible?</b>	
<b>Yes</b>	<b>No</b>
<input type="checkbox"/>	<input type="checkbox"/> Is the biomass 100% organic (no petro-chemicals, contaminants, mixed waste)?
<input type="checkbox"/>	<input type="checkbox"/> Is the biomass to eventually be used as an energy source to fuel a digester, hogged fuel boiler, gasifier, direct methane combustion, or as feedstock for a biodiesel oil reactor/blender, or ethanol facility?
<input type="checkbox"/>	<input type="checkbox"/> I want to use the Pass-through Option*
<p><small>*The Pass-through Option will allow you to transfer your tax credit project eligibility to another business or individual (a pass-through partner) in exchange for a lump-sum payment. The payment amount is calculated using the pass-through rate. To use the Pass-through Option, check the Yes box above, complete this application form and send the form to the Oregon Department of Energy. There may be tax implications to using the Pass-through Option. Consult your tax preparer.</small></p>	

<b>For office use only</b>
Application #:
Date received:

**The Oregon Department of Energy must receive your completed application before you financially commit to start the energy project.**

<b>1. Project owner information</b>		
Project owner's name <b>(The legal owner of the project):</b>		
Tax I.D. # or SSN*:		
Business name:		
Mailing address:		
City/state/zip:		
Principal business activity:		
Phone:	Phone:	E-mail:
Contact person for project owner: (Who should receive correspondence about this project?)		
Title:	Phone:	E-mail:

\*OAR 330-090-0130 authorizes the Oregon Department of Energy to use your federal tax identification or social security number as an identification number in maintaining internal records and may be shared with the Department of Revenue to establish the identity of an individual in order to administer state tax law.

<b>2. Architect, engineer, vendor or contractor for project</b>	
Firm name of architect, engineer, vendor or contractor: N/A	
Address:	Phone:
City/state/zip:	
Contact person:	E-mail:

<b>3. Project site (location equipment will be located or dispatched from)</b>		
Site address:		
City:	County:	Zip:
Total square footage affected by <b>this project</b> :		

<b>4. Projected start and completion dates</b> (The date you expect to financially commit to the project – buy equipment, sign the contract, etc. These dates must be in month, day, year format; for example: May 8, 2009)	
Projected start date:	Projected completion date:

<b>5. May the Oregon Department of Energy publicize your project to promote efficiency to other businesses?</b>
<input type="checkbox"/> Yes <input type="checkbox"/> No

<b>6. How did you learn of the Business Energy Tax Credit Program?</b>
<input type="checkbox"/> Associate <input type="checkbox"/> Advertisement <input type="checkbox"/> Workshop <input type="checkbox"/> Utility <input type="checkbox"/> Vender <input type="checkbox"/> Other:

<b>7. Principal tax credit eligibility requirements</b> —To be eligible for a renewable resource tax credit you must be producing, collecting, processing or delivering 100% organic biomass feedstock.	
Yes	No
<input type="checkbox"/>	<input type="checkbox"/> Biomass material is entirely organic?
<input type="checkbox"/>	<input type="checkbox"/> Biomass is produced and collected in Oregon?
<input type="checkbox"/>	<input type="checkbox"/> Project equipment or facility will be operated and located in Oregon?
<input type="checkbox"/>	<input type="checkbox"/> Project equipment or facility is owned by the applicant?

8. Type of biomass recovered (Check one box)			
<input type="checkbox"/> Forest Wood Biomass	<input type="checkbox"/> Grass Straw	<input type="checkbox"/> Seed or Grain Oil	<input type="checkbox"/> Wastewater gas
<input type="checkbox"/> Agricultural Wood Biomass	<input type="checkbox"/> Wheat Straw	<input type="checkbox"/> Green Waste	<input type="checkbox"/> Landfill waste gas
<input type="checkbox"/> Urban Wood Biomass	<input type="checkbox"/> Other Agricultural Cellulosic Crop _____	<input type="checkbox"/> Manure or wastewater solids _____	<input type="checkbox"/> Other _____

9. Project description
<p>A. <b>Describe the project briefly</b>, If applicable, please attach a summary of your business plan. Include an estimate of annual biomass collected, sorted, stored or prepared and its source. Identify all equipment and describe why it is essential for biomass recovery or preparation. Describe any unique characteristics of the biomass condition and weight standards used (green tons, bone dry tons, bushels, e.g. 30% moisture content, 60% solids, # of cattle producing...). Identify where the biomass recovered or prepared will be delivered for energy use. If your description is longer than space provided, please use a separate attached sheet.</p>

OVER

<b>10. Equipment specifications and estimated project cost</b>	
<b>Equipment and materials</b> (processing plant, fuel distribution equipment, etc.):	<b>Estimated cost:</b>
<b>Installation and labor:</b>	<b>Estimated cost:</b>
<b>Other:</b> (Do not include Business Energy Tax Credit review costs)	<b>Estimated cost:</b>
<b>Total of Estimated Costs from above:</b>	<b>10A. \$</b>
<b>Deduct federal grants:</b> <b>Note: OAR 330-090-0110 (19) (m)</b> The sum of any rebates or cash payments under ORS 469.631 to 469.645, 469.649 to 469.659, 469.673 to 469.683, or 757.612(5)(a), or from a public purpose organization and the Business Energy Tax Credit may not exceed eligible costs.	<b>10B. \$</b>
<b>TOTAL Estimated Project Cost</b> Take A and subtract B to get the Total Estimated Project Cost (C)	<b>10C. \$</b>

OVER

**11. Estimated annual energy value of biomass produced by the project – Determine the estimated annual energy value for the renewable resource feedstock produced by this project.**

Biomass Type	A	B	C
	Units (ton, BDT, bushels, Gals.) of biomass produced or collected annually	Energy content per unit in Millions British Thermal Units (MMBtu)	Annual energy produced in MMBTU
<b>TOTAL</b>			

**Typically accepted energy content per unit of various energy feedstocks:**

Softwood	15,000,000 Btu/cord	(typically 1 ton per cord)
Hardwood	24,000,000 Btu/cord	(typically 1.2 tons per cord)
Green Sawdust	10,000,000 Btu/ton	
Kiln Dried Sawdust	18,000,000 Btu/ton	
Wood chips - 45% moisture	7,600,000 Btu/ton	
Hogged Wood Fuel	20,000,000 Btu/ton	
Bark	10,500,000 Btu/ton	
Wood Pellets - 10% moisture	16,000,000 Btu/ton	
Natural Gas	100,000 Btu/therm	
Propane	91,600 Btu/gal	
Methane	1,000 Btu/cu ft	
Ethanol	76,000 Btu/gal	
Kerosene	135,000 Btu/gal	
#2 Fuel Oil	138,500 Btu/gal	
Waste Oil	125,000 Btu/gal	
Waste Vegetable Oil	120,000 Btu/gal	
Gasoline	125,000 Btu/gal	
Electricity	3,413 Btu/kWh	

**D. Estimate of conventional fuel (non-renewable) being displaced:**

- Gasoline \_\_\_\_\_ gallons per year
- Diesel \_\_\_\_\_ gallons per year
- Natural Gas \_\_\_\_\_ therms per year
- Petroleum Heating Oil (diesel in stationary uses) \_\_\_\_\_ gallons per year
- Other (specify fuel, units and amount) \_\_\_\_\_ per year

**OVER**

12. Net Annual Biomass Value				
a. Is the biomass contract:	Under negotiation?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
	Completed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
b. Name of utility or energy service supplier who will buy the biomass?				
<b>List expected sales revenue for biomass sold to the utility or energy service provider.</b>				
Biomass Type	Annual Units of Biomass	x	Sale value per unit	= Annual gross value
		x	\$	= \$
		x	\$	= \$
		x	\$	= \$
<b>12A. Total Revenue</b>				<b>\$</b>
<b>Subtract the cost to produce, prepare and deliver biomass:</b>				
kWh of equipment		x	\$	= \$
Oil (#2 Diesel) or Tonmile		x	\$	= \$
Other -		x	\$	= \$
<b>12B. Total Deductions</b>				<b>\$</b>
<b>12C. Total Net Annual Value of Biomass Produced</b>				<b>(12A – 12B) = \$</b>

<b>13. Payback period</b> —Calculate the project simple payback period (how long the project will take to pay for itself through its energy savings). To qualify, the payback must be between 1 year and the expected life of the equipment installed. Projects with simple payback over 15 years will have eligible costs prorated accordingly.	
13A. Total eligible cost (see 10C)	\$
13B. Total net annual value of biomass produced (see 12C)	\$
Simple payback in years (13A divided by 13B)	

14. Business Energy Tax Credit review charge
Applications will <b>not</b> be reviewed until the review charge is paid in full.
Estimated Project Cost (See 10C) _____ x .0060 = _____
Your required review charge is the amount calculated above, unless your calculated amount is less than \$30 or more than \$35,000. If your calculated review charge is less than \$30, you are required to pay \$30. If your calculated review charge is more than \$35,000, you should pay \$35,000. Please make your check payable to the Oregon Department of Energy and include with this application. You may also pay by Visa or MasterCard.
<input type="checkbox"/> I want to pay by Visa/MasterCard. Please contact me at this phone number: _____
If all or a portion of your application is denied, or if a change in your project results in lower costs, a portion up to 75 percent of this payment may be refunded within two years of pre-certification. If you add to your approved project, you must send a written description of the additions and the costs to be eligible for a tax credit. If the Oregon Department of Energy approves the additional estimated costs, an additional payment may be required. For more information, see Oregon Administrative Rule 330-090-0150(2).

## 15. Project Owner Preliminary Statement

1. I understand that Oregon Department of Energy approval and certification of my project is for tax credit purposes only. The Oregon Department of Energy does not guarantee or in any way ensure the performance of any equipment, the quality of any system or the reliability of any dealer.
2. I agree that the project will comply with all local, state and federal requirements. I will obtain all necessary permits.
3. I will permit the Oregon Department of Energy or its agents to inspect the project at its discretion to make sure the project qualifies for the tax credit. I understand that if I give false information about the project, or if I refuse to permit the Oregon Department of Energy to inspect the project, I will not get the tax credit.
4. I understand that this tax credit application is a public record and that Oregon Department of Energy may be required by law to disclose information in this tax credit application to the public on request. I have marked any information that I request be kept confidential. I understand that marking information does not guarantee that it will be kept confidential and that the Director of the Oregon Department of Energy will make any decisions regarding public disclosure of information contained in this application in accordance with the Oregon Public Records Law.
5. I understand that the Oregon Department of Energy does not endorse any company that requests information on this application and does not sell information as a mailing list.
6. I hereby (a) release the State of Oregon and its commissions, agencies, officers, employees, contractors, and agents, and agree to defend and indemnify the foregoing from and against any claims, demands, or costs (including attorney and expert witness fees at trial and on appeal) arising from or in any way related to claims made by applicant or any parent or subsidiary of applicant and which are related in any way to the Oregon Department of Energy's issuance or failure to issue any pre-certification or final certification to applicant for a Business Energy Tax Credit, or the inability to obtain a Business Energy Tax Credit; and (b) agree to reimburse the State of Oregon for any damages, costs and expenses, including, but not limited to attorney fees and reasonable expenses for agency staff and in-house legal counsel incurred as a result of, or arising from or in any way related to the applicant obtaining certification for a Business Energy Tax Credit by fraud or misrepresentation or failing to construct or operate the facility in compliance with the plans, specifications and procedures in any certification to applicant for a Business Energy Tax Credit. Agreement to the terms of this paragraph by applicants that are agencies of the State of Oregon is subject to the limitations of Article XI, section 7 of the Oregon Constitution and the Oregon Tort Claims Act (ORS 30.260 through 30.300).
7. I understand that the sum of all financial incentives and the tax credit can not exceed the total eligible project cost.
8. I have enclosed a check to the Oregon Department of Energy or will pay by Visa or MasterCard for the review charge.
9. I verify that the project owner does not restrict membership, sales, or services on the basis of race, color, creed, religion, national origin, sexual preference or gender.
10. I have completed this form to the best of my knowledge and have not altered any of these statements.
11. I certify that I am the project owner or the authorized agent.

**By signing this Statement, I acknowledge that I have read and agree with the terms and conditions of the Project Owner Preliminary Certification Statement and have not altered any part of the Statement.**

Signature: \_\_\_\_\_ Title: \_\_\_\_\_

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_

Send completed application with full review charge to: **Oregon Department of Energy, 625 Marion St. NE, Salem, OR 97301-3737**. If you have questions, call: **1-800-221-8035 (toll-free in Oregon)**. Applications that are incomplete will be returned.