

Oregon Business Energy Tax Credit

Application for Preliminary Certification for Rental Dwelling Weatherization Projects

Business owners and others who invest in rental dwelling weatherization projects in Oregon may be eligible for a state tax credit. The tax credit for Rental Dwelling Weatherization Projects is 35 percent of eligible project costs. The tax credit is filed over five years: 10 percent in the first and second years and 5 percent each year thereafter. For projects with eligible costs of \$20,000 or less, the tax credit may be taken in one year. Unused credits can be carried forward up to 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 partners with an Oregon business or resident;
2. Own or be the contract buyer of the project; and
3. Use the equipment or lease it to another person or business in Oregon.

Pass-through Option

Non-profit organizations, schools and other public entities that do not have an Oregon tax liability may participate in the Business Energy Tax Credit Program by using the Pass-through Option. Project owners may “pass-through” or transfer their 35 percent tax credit project eligibility to a pass-through partner in exchange for a lump-sum cash payment. The Oregon Department of Energy determines the rate that is used to calculate the cash payment. Both the project owner and pass-through partner must sign the Application for Final Certification for Pass-through Projects before a Final Certification is issued to the pass-through partner. 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. Please consult your tax preparer.

Timing

The Oregon Department of Energy must receive the Application for Preliminary Certification for Rental Dwelling Weatherization 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.

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. Projects must have a simple payback of more than one year. Projects with simple paybacks greater than 30 years will have eligible costs prorated accordingly. A project owner 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. A project owner must complete the Application for Preliminary Certification for Rental Dwelling Weatherization Projects. He or she must send the signed form, supporting documentation, and payment for review costs to the Oregon Department of Energy before the project begins. 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. A project owner may start the project when he or she receives a Preliminary Certificate. The Oregon Department of Energy usually takes four to six weeks to review an application provided all necessary information is submitted. Incomplete or inadequate information may result in a delay in approval or in denial of the application. Please note: A project owner may begin the project before receiving a Preliminary Certificate, however, there is no guarantee the project will be approved.
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 cost.

After the project is complete:

1. A project owner should apply to the Oregon Department of Energy for final certification when the project is completed. If project costs are \$50,000 or more, an owner must send a letter from a certified public accountant (not employed by the project owner) stating that he or she has reviewed the project costs. If project costs are less than \$50,000, the project owner should send copies of the dated invoices, canceled checks or receipts that are marked "paid."
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. A tax credit recipient may file 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, a tax credit recipient may file for the tax credit in one year. A tax credit recipient 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) 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).



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

Rental Dwelling Weatherization Project

| Pass-through Option | For office use only |
|--|---|
| <p>Yes No</p> <p><input type="checkbox"/> <input type="checkbox"/> I want to use the Pass-through Option?*</p> <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. Please consult your tax preparer.</small></p> | <p>Application #:</p> <hr/> <p>Date received:</p> <hr/> |

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

| 1. Project owner information | |
|--|---------|
| Project owner's name (The legal owner of the project) | |
| Tax I.D. # or SSN*: | |
| Business name: | |
| Mailing address: | |
| City/state/zip: | |
| Phone: | E-mail: |
| Principal business activity: | |
| 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 Oregon Department of Revenue to establish the identity of an individual in order to administer state tax law.

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

| | | |
|------------------------|---------|------|
| 3. Project site | | |
| Site address: | | |
| City: | County: | Zip: |

| | |
|---|----------------------------|
| 4. Projected start and completion dates (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: |

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

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

| |
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| 7. Tax credit eligibility requirements —To be eligible, you must meet the following requirement. |
| <input type="checkbox"/> Project saves a minimum of 10 percent of the energy used by the system(s) in the dwelling. (The Oregon Department of Energy will use an industry-accepted formula to calculate your energy savings.) |

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| 8. Rental dwelling information | |
|--|--|
| <p>A. Is this rental a: <input type="checkbox"/> Single family dwelling? <input type="checkbox"/> Duplex dwelling? <input type="checkbox"/> Multi-family dwelling? <input type="checkbox"/> Office building rental? (If it is an office building rental, please use Conservation Application as it does not qualify as a rental dwelling for a tax credit)</p> | |
| <p>B. Is this dwelling your primary home residence? <input type="checkbox"/> Yes <input type="checkbox"/> No (If yes, the dwelling does not qualify as a rental for this tax credit.) Is any portion of this dwelling your primary home residence? <input type="checkbox"/> Yes <input type="checkbox"/> No (If yes, only the portion of the dwelling that you rent to someone else is eligible for this tax credit)</p> | |
| <p>C. Is this dwelling your secondary (vacation) residence? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, do you claim it as a rental on your Oregon tax filing? <input type="checkbox"/> Yes <input type="checkbox"/> No (If no, this dwelling does not qualify as a Business Energy Tax Credit rental dwelling.)</p> | |
| D. Total square footage of dwelling units | |
| E. Number of units | |
| F. Number of stories | |
| G. Year dwelling was constructed | |

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| 9. Estimated project costs —Ask your contractor to assist you in completing this section | | | | |
|--|--------------------------------|---------------------------|-------------|---|
| Energy-saving measure | Existing condition | Upgraded condition | | Estimated cost to install |
| Examples: 1. Wall insulation | None | R-11 | 300 Sq. Ft. | \$500 |
| 2. Replacement furnace | AFUE - 65% | AFUE 90% | 42,000 Btuh | \$1,000 (0.40 x \$2,500) |
| Replacement furnace— Installed, tested, steady-state Annual Fuel Utilization Efficiency (AFUE) must be at least 86% (oil or natural gas); maximum eligible cost is 40% of the replacement furnace cost. | AFUE - % | AFUE - % | Btuh | \$ (maximum eligible cost is 40% of replacement furnace cost) |
| Floor insulation | R = | R = | Sq. Ft. | \$ |
| Attic, ceiling, roof insulation/ventilation | R = | R = | Sq. Ft. | \$ |
| Wall insulation | R = | R = | Sq. Ft. | \$ |
| Caulking/weather-stripping | Feet | Feet | | \$ |
| Water heater insulation | R = (enter zero if none) | R = | | \$ |
| Thermal replacement exterior doors (U=.2; R=5 or higher) | R = | R = | Sq. Ft. | \$ |
| Thermal replacement windows (U=.35 or less) | U* = | U = | Sq. Ft. | \$ |
| Duct sealing | | | | \$ |
| Other (specify) | | | | \$ |
| Total | | | | \$ |
| Deduct federal grants (including any stimulus funds you expect to receive): | | | | \$ |
| Note: OAR 330-090-0110 (19) (m) 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. | | | | |
| Total estimated cost | | | | \$ |

* If U value of existing windows is unknown, describe the windows (e.g. single pane and wood frame, etc.)

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| 10. Primary fuel used for heating (check one) | | |
|--|-------------------------------------|-----------------|
| | Cost of fuel per kWh, therm, gallon | Name of utility |
| <input type="checkbox"/> Electricity | | |
| <input type="checkbox"/> Natural gas | | |
| <input type="checkbox"/> Propane, butane or kerosene | | |
| <input type="checkbox"/> Oil | | |
| <input type="checkbox"/> Wood | | |
| <input type="checkbox"/> Other | | |

11. Business Energy Tax Credit review charge

Applications will **not** be reviewed until review charge is paid in full.

Estimated Project Cost (See #9) _____ 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.

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).

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12. 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.