

TAX CREDIT AMOUNT

The tax credit depends on the type of project:

Energy Efficiency Projects

Up to 35% of the eligible project costs - based on factors such as the incremental cost of the system or equipment that's beyond standard practice and cost-effectiveness. **You take the credit over five years: 10% in the first and second years and 5% each year thereafter.**

Renewable Resource Projects

Effective January 1, 2007, **up to** 50% of the eligible project costs – based on factors such as the incremental cost of the system or equipment that's beyond standard practice and cost-effectiveness. **You take the credit over five years: 10% each year.**

Five-Year Term Exceptions

If you can't take the full tax credit each year, you can carry the unused credit forward **up to eight years**. Those with eligible project costs of \$20,000 or less may take the tax credit in one year.

Through 2006, more than 13,000 Oregon energy tax credits have been awarded.

WHO CAN GET A TAX CREDIT?

Trade, business or rental property owners who pay taxes for a business site in Oregon are eligible for the tax credit. The business, its partners or its shareholders may use the credit. The applicant must own or be the contract buyer of the project (the project owner). The business must use the equipment for the project or lease it for use at another site in Oregon.

A project owner also can be an Oregon non-profit organization, tribe or public entity that partners with an Oregon business or resident who has an Oregon tax liability. This can be done using the Pass-through Option.

PASS-THROUGH OPTION

The Pass-through Option allows a project owner to transfer the Business Energy Tax Credit project eligibility to a pass-through partner for a lump-sum cash payment equivalent to the net present value of the credit. A project owner may be a public entity or non-profit organization with no tax liability or a business with tax liability that chooses to use the Pass-through Option. The Oregon Department of Energy sets the Pass-through Option rates.

The Pass-through Option rates are:

Five-year 35% tax credit: 25.5 percent.

One-year 35% tax credit: 30.5 percent.

Five-year 50% tax credit: 33.5 percent (***under discussion - not yet established***)

One-year 50% tax credit: 43.5 percent (***under discussion - not yet established***)

WHAT TYPE OF PROJECTS QUALIFY?

Many projects qualify. You should complete a application form that pertains to the type of project you are doing. They include:

- Conservation
 - Lighting
 - Recycling
 - Alternative Fuels
 - Hybrid Vehicles
 - Rental Dwelling Weatherization
 - Transportation
 - Efficient Truck Technology
 - Sustainable Buildings

BETC also offers a tax credit of up to 50% for the construction of renewable resource manufacturing facilities in Oregon.

WHAT COSTS ARE ELIGIBLE?

The tax credit can cover all costs directly related to the project, including equipment cost, engineering and design fees, materials, supplies and installation costs. Loan fees and permit costs also may be claimed. Replacing equipment at the end of its useful life or equipment required to meet codes or other government regulations is not eligible. Maintenance costs are not eligible.

HOW DO I APPLY FOR THE TAX CREDIT?

You must apply for the tax credit **BEFORE** starting your project. (You may request a waiver, but it will be granted only for business hardships or circumstances beyond your control that caused you to delay your application.

Submit the project-specific Application for Preliminary Certification. (See <http://www.oregon.gov/ENERGY/CONS/BUS/BETC.shtml>. The application forms are linked in the right-hand column.) Your application must be complete and include payment for review costs.

The Oregon Department of Energy will send you a Preliminary Certificate when your application is approved. That's your go-ahead to start the project.

You will also receive additional information on how to apply for the Final Certificate. (See again <http://www.oregon.gov/ENERGY/CONS/BUS/BETC.shtml>. Final application forms in Word and PDF format are linked in the right-hand column).

Projects with eligible costs of \$50,000 or more are required to have a letter from a certified public accountant (CPA). For projects completed and paid for in a calendar year, you should have your completed final certificate application to the Department of Energy by April 1 of the following calendar year to ensure you will receive the tax credit certification by April 15.

WHAT IF MY PROJECT CHANGES AFTER I BEGIN?

If your project changes (additions, deletions or fundamental changes to the scope of the project) after you have received the Preliminary Certificate, you must re-submit written documentation of the technical changes made and the impact on costs.

Please note that a Final Certificate may not be issued for more than 110 percent of the eligible project costs **unless** you have submitted written documentation, and the Department of Energy has issued an amended Preliminary Certification before project completion.

The Oregon Department of Energy performs some follow-up site reviews to verify that equipment has been installed and operates as specified.

FOR MORE INFORMATION

Please read the [tax credit brochure](#) or visit www.Oregon.gov/energy.