

From: [Mary Mann](#)
To: [LRO](#)
Subject: Language changes for 3672 Monday June 13 2011 from Mary Mann citizen please add to my Friday comments
Date: Monday, June 13, 2011 4:10:33 PM

Hello Tax credit Committee and Legislative Revenue Office

http://www.leg.state.or.us/committees/exhib2web/2011reg/JTAX/jtax_files/06-13-2011/HB3672_2_2011_Regular_Session.pdf

I want to stress that this legislation as it takes effect not halt or slow down the approval of jobs in the pipeline of being submitted or already submitted to ODOE and that the applications made prior to the new program taking effect not be kicked out or made to make new applications. Creating a new program can take a lot longer than most think. Construction season is now and allowing for quick approvals is vital. I have a lot of workers standing by waiting for the work I have sold to go forward. It has taken a lot of time & effort to convince owners to move forward this year and slowing this down could kill these projects. I mean get these applications out in 2 maybe 3 weeks not 5 to 8 weeks it has been taking for approvals this last year. That puts us business owners doing work in September when we could be starting in July. It take 2-3 weeks to get material and then schedule. This is already middle of June. ! We need solid boundaries so we can continue to sell weatherization knowing what is possible.

[1] I hope that the word CONI can be substituted for Connie. 4 letter acronym is easier to write and I think Connie is person's name and not a program name. BETC has often been heard as 'Betsy' but at least I do not have to write it out that way.

I suggest that after discussing this also with Jeremy Anderson with Wise that I am also fine with the following language:

1. Establish BPA standards as an achievement level for conservation projects. On page 23, Section 35 (1) (d), add after line 26: "(E) For retrofit weatherization of an existing building, meet the requirements of the Bonneville Power Administration's Weatherization Specifications."

Without this, or similar language, simple projects like insulating the attic of an apartment complex would not be eligible for a tax credit.

2. Prioritize projects that would not happen without the tax credit. On page 26, Section 39 (1) reword to state: "(1) In determining the priority of any energy conservation project for tax credits, preference shall be given to: (a) Projects with the highest energy savings over the five year credit allowance period per tax credit dollar; and (b) Projects where the energy savings benefit a party other than the project owner." ***I believe this means where renters (non owner occupied) benefit. Even owners that heat the buildings but do not live on site give the benefit of savings back to the tenant by not having to raise rents to compensate for energy rate increases. Savings translates to rent stability.***

This language recognizes the fact that the tax credits are meant to push projects that

would not happen without assistance from the state. However I do have concerns that it is very short sighted give priority to (a) over (b) . Large projects with large upfront material and labor costs cannot and are not intended to perform at 5 year energy savings levels. This will be grossly unfair to weatherization projects that include windows and doors. These projects are not throw away light bulbs but meant to have lifetime performance of 40-50 years and one hopes a lot longer. They also help maintain existing housing stock which is less expensive than tearing down and building new.

3. Direct ODOE to establish a list of project types that will not require preliminary certification (small, simple, and repetitive projects). On page 30, Section 43 after line 2 add: "(6) By rule, the director may waive preliminary certification, or establish an informational filing in place of the preliminary certification, for projects that: (a) Have eligible costs under \$20,000; (b) Consist of measures that the director determines to be eligible for waiver of precertification; and (c) Comply with any other requirements established by the director. I will also say that large projects that have the same components as the projects under \$20,000 such as windows and doors and insulation may also fall into this as the size of the job will not change the historical value. In the past we were also able to consider a building a project and if a building were under \$20,000 then it could be considered its own project inside of a large complex. There still is no restriction on a large complex from doing only one building at a time. But if you added two buildings and you went over \$ 20,000 now you go to a 5 year tax credit not a 1 year tax credit. However if the 20,000 and under were to kick in for quick auto approval (good) a larger project would still require a longer approval time **but the same work will be done**. This may be able to be handle by administrative rule. It was changed by administrative rule to disallow a large project to be broken up but it has historically worked. I suggest that if projects by building can be broken up to get a quicker automatic approval that it still would not mean that the owners would take the 1 year tax credit (for projects under \$20,000) which was the purpose of stopping the separation of buildings if more than one building was on a individual tax lot. So the state can still win by spreading out the tax credit to 5 years and the owners can win if they want to do the paperwork for each building by having projects get on board faster.

Historically ODOE staff has been bogged down in processing huge volumes of applications for small projects (typically with a credit amount of about \$2-3k) that are simple and repetitive. For example, ODOE has recalculated the cost-effectiveness of rental weatherization projects more than 13,000 times--always with the same result. This has also created a significant market barrier. All of this effort has only accounted for about 0.7% of tax credit dollars awarded.

Thanks for all of your hard work on this.

Thanks
Mary D. Mann

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