

State of Oregon
Department of Environmental Quality

Memorandum

Date: June 22, 2006
To: Environmental Quality Commission
From: Stephanie Hallock, Director
Subject: Agenda Item K, Action Item: Pollution Control Tax Credit Considerations
June 22-23, 2006, EQC Meeting

Department Recommendation The Department of Environmental Quality (DEQ, Department) recommends that the Environmental Quality Commission (EQC, Commission) consider the following actions for Pollution Control Facilities Tax Credit applications and certificates.

- Approve the facilities presented for final certification as summarized in Attachment A and detailed in Attachment B.

As discussed in this report, the approved facility cost for application number 7065 would be contingent upon an EQC determination regarding application timeliness, as discussed below.

- Reissue certificates presented in Attachment C.

Background For tax credits in general

The EQC is the board that approves or denies the certification of a pollution control facility. The Pollution Control Facilities Tax Credit regulations direct the EQC to “certify a pollution control, solid waste, hazardous waste or used oil facility or portion thereof” if the Commission finds that the facility qualifies as a pollution control facility. [ORS 468.170 (4)(a)]

The EQC certification includes the actual facility cost and the portion of the facility cost that contributes to pollution control up to a maximum allowable percentage. [ORS 468.170(1) and ORS 468.173]

Certification entitles an Oregon taxpayer to subtract up to 35 percent of the facility cost from taxes owed to the State of Oregon. The taxpayer may use the credit in equal portions for up to ten years.

Background
continued

For tax credit application number 7065
Attachment B, *Alt FB* tab

Request for EQC Clarification of Filing Deadline

Tax credit applications are eligible for certification if filed within one year of the facility installation completion date. On December 25, 2005, the application filing deadline was the subject of an EQC decision regarding application 7034. The EQC determined that drainage tile installed in the final field of a multiple-field installation triggered the one-year application-filing deadline for all fields even though installation was completed in several fields more than one year before the application date.

Application 7065, which is currently before the EQC, raises similar issues for EQC interpretation. Scheffel Farms, Inc., requests pollution control tax credit certification of drainage tile installed in five fields. The applicant completed installing drainage tile in four contiguous fields more than one year before filing the current application. They installed tile in a fifth non-contiguous field within one-year of filing the application.

The difference between application 7034 described above and application 7065 is that the former included only contiguous fields and the latter includes a non-contiguous field. The EQC's December 25, 2005, deliberation did not address the proximity of the fields.

DEQ requests that the EQC determine whether multiple installations in non-contiguous fields constitute a single tiling project for the purpose of determining if the Scheffel Farms filed application 7065 within the one-year filing deadline. If the EQC determines that the scope of the drainage tile project includes installations in five fields, then the application, as submitted, meets the one-year filing deadline and the eligible facility cost would be **\$264,964**. If the EQC limits the scope of the drainage tile project to the installation in the final non-contiguous field, for the purpose of determining if the application met the one-year filing deadline, then the eligible facility cost would be **\$64,409**.

**EQC Action
Alternatives**

For tax credits in general

The Commission may postpone any application to a future meeting if the Commission:

- Requires the Department or the applicant to provide additional information; or
- Makes a determination different from the Department recommendation, and that determination may have an adverse effect on the applicant.

For tax credit application number 7065

Application number 7065 is behind the *Alt FB* tab of Attachment B.

If the Commission determines that tiling of the multiple non-contiguous fields constitutes one project, then the applicant filed the five-parcel project within the one-year filing period in ORS 468.165(6) and is eligible for certification with a facility cost of **\$264,964**.

If the Commission determines that tiling of the multiple non-contiguous fields constitutes multiple projects, then the applicant filed only one parcel within the one-year filing period and that installation is eligible for certification with a facility cost of **\$64,409**.

Attachments

- A. Summary of Recommendations
- B. Background and References for Final Certification
- C. Certificate Administration
- D. Tax Expenditure Liability Report
- E. Certified Wood Chipper Report

**Available Upon
Request**

ORS 468.150 to 468.190 and OAR 340-016-0005 to 340-016-0080

Agenda Item K, Action Item:
June 22, 2006 EQC Meeting
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Approved:

Section: _____

Division: _____

Report Prepared By: Maggie Vandehey

Phone: (503) 229-6878

Attachment B

Background and References for Final Certifications

The Department recommends that the Environmental Quality Commission approve certification of 28 pollution control and material recovery facilities summarized in Attachment A and detailed in this attachment. The individual application records and the Pollution Control Facilities Tax Credit regulations support the DEQ recommendation as shown at the top of each application review.

The Department organized the reports by ascending application number under the following categories.

1. Air Pollution Controls (*Air* on the tab)
2. Alternatives to Open Field Burning (*Alt FB* on the tab)
3. Hazardous Waste Pollution Controls (*HW* on the tab)
4. Material Recovery (*Mat Rec* on the tab)
5. Nonpoint Source Pollution Controls (*NPS* on the tab)
6. Underground Storage Tanks (*USTs* on the tab)

Organization of Application Reviews

The organization of the reviews reflect the decision making process for certifying a pollution control facility and for determining the amount of the tax credit. The report is the Department analysis and recommendation regarding the:

- Facility's qualifications for certification as a pollution control facility.
- Amount of the tax credit.
- Percentage of the tax credit attributed to pollution control.
- Maximum allowable tax credit.

The Department will use the information in this attachment to:

- Notify the applicants of the EQC's certification.
- Develop the Pollution Control Facility Tax Credit Certificate.
- Print the taxpayer's Department of Revenue form for claiming the credit on the Oregon Tax Return.
- Develop reports for the Department of Revenue, the Commission and other interested parties.

Pollution Control Facility Certification Authority

ORS 468.170 provides the Commission with the authority to certify pollution control facilities.

Regulation	Department Interpretation
468.170 (4)(a) The commission shall certify a pollution control, solid waste, hazardous waste or used oil facility or portion thereof, for which an application has been made under ORS 468.165, if the commission finds that the facility:	The applicant filed a valid application.
(A) Was erected, constructed or installed in accordance with the requirements of ORS 468.165 (1);	The applicant constructed the claimed facility after authorizing legislation.
(B) Is designed for, and is being operated or will operate in accordance with the requirements of ORS 468.155; and	The claimed facility meets the definition of a pollution control facility.
(C) Is necessary to satisfy the intents and purposes of ORS 454.010 to 454.040, 454.205 to 454.255, 454.505 to 454.535, 454.605 to 454.755, ORS chapters 459, 459A, 466 and 467 and ORS chapters 468, 468A and 468B and rules thereunder.	The claimed facility is necessary to satisfy DEQ administered regulations.

ORS 468.170¹ provides the authority for the Commission to certify the facility cost, the portion of the cost allocable to pollution control and the applicable percentage (Maximum Allowable Percentage) of certified cost of facility eligible for tax credit.

Regulation	Department Interpretation
<p>468.170 (1) The Environmental Quality Commission shall act on an application for certification before the 120th day after the filing of the application under ORS 468.165. The action of the commission shall include certification of the actual cost of the facility and the portion of the actual cost properly allocable to the prevention, control or reduction of air, water or noise pollution or solid or hazardous waste or to recycling or appropriately disposing of used oil.</p> <p>The actual cost or portion of the actual cost certified may not exceed the taxpayer's own cash investment in the facility or portion of the facility. Each certificate shall bear a separate serial number for each such facility.</p>	<p>The certified facility cost represents the actual cost.</p> <p>The claimed items contribute to pollution control.</p> <p>The cost represents the applicant's own cash investment.</p>
<p>468.170 (10) If the construction or installation of a facility is commenced after December 31, 2005, the facility may be certified only if the facility or applicant is described in ORS 468.173 (3). A facility described in ORS 468.173 (2) for which construction or installation is commenced after December 31, 2005, may not be certified under this section.</p>	<p>The applicant, the facility, or the location of the facility qualifies for a maximum allowable percentage above zero percent.</p>

¹ ORS 468.170 Action on application; rejection; appeal; issuance of certificate; certification.

Air Pollution Control Facilities

The Department recommends that the Environmental Quality Commission approve two facilities for certification as air pollution control facilities.

The claimed facilities may include land, structures, buildings, installations, excavations, machinery, equipment or devices used to prevent, control or reduce air pollution. The primary and most important purpose of each of these facilities is to respond to a requirement imposed by the DEQ, the federal Environmental Protection Agency or a regional air pollution authority to prevent, reduce or control air pollution.

Each facility accomplishes the prevention, control or reduction of air pollution by:

- the disposal or elimination of or redesign to eliminate air contaminants or air pollution or air contamination sources **and**
- the use of air cleaning devices as defined in ORS 468A.005.

Summary of Air Pollution Control Facilities

App #	Applicant	Certified	% Allocable	Maximum Percent	Tax Credit
7089	Monaco Coach Corporation	\$ 1,534,102	100%	35%	\$536,936
7091	Oregon Aero, Inc.	\$ 1,092,313	100%	35%	\$382,310
2 Apps	Sum	\$ 2,626,415			\$ 919,245
	Average	\$ 1,313,208			\$ 459,623
	Minimum	\$ 1,092,313			\$ 382,310
	Maximum	\$ 1,534,102			\$ 536,936

References

ORS 468.155²

(1)(a) As used in ORS 468.155 to 468.190 and 468.962, unless the context requires otherwise, "pollution control facility" or "facility" means any land, structure, building, installation, excavation, machinery, equipment or device, or any addition to, reconstruction of or improvement of, land or an existing structure, building, installation, excavation, machinery, equipment or device reasonably used, erected, constructed or installed by any person if:

(A) The principal purpose of such use, erection, construction or installation is to comply with a requirement imposed by the Department of Environmental Quality, the federal Environmental Protection Agency or regional air pollution authority to prevent, control or reduce air...pollution...; or

(B) The sole purpose of such use, erection, construction or installation is to prevent, control or reduce a substantial quantity of air... pollution ...

(1)(b) Such prevention, control or reduction required by this subsection shall be accomplished by: ... (B) The disposal or elimination of or redesign to eliminate air contaminants or air pollution or air contamination sources and the use of air cleaning devices as defined in ORS 468A.005;...

ORS 468A.005 provides the following definitions.

Air contamination is dust, fume, gas, mist, odor, smoke, vapor, pollen, soot, carbon, acid or particulate matter or any combination thereof.

Air pollution is the presence in the outdoor atmosphere of one or more air contaminants, or any combination thereof, in sufficient quantities and of such characteristics and of a duration as are or are likely to be injurious to public welfare, to the health of human, plant or animal life or to property or to interfere unreasonably with enjoyment of life and property throughout such area of the state as shall be affected thereby.

Air contamination source is any source at, from, or by reason of which there is emitted into the atmosphere any air contaminant, regardless of who the person may be who owns or operates the building, premises or other property in, at or on which such source is located, or the facility, equipment or other property by which the emission is caused or from which the emission comes.

² Definitions for ORS 468.155 to 468.190 and 468.962

An air-cleaning device is any method, process or equipment that removes, reduces or renders less noxious air contaminants prior to their discharge in the atmosphere.

OAR 340-016-0060³

(4) Eligible Activities. The facility shall prevent, reduce, control, or eliminate: ... (a) Air contamination by use of air cleaning devices as defined in ORS 468A.005 or through equipment designed to prevent, reduce or eliminate air contaminants prior to discharge to the outdoor atmosphere; ...

³ Eligibility

Alternatives to Open Field Burning Facilities for Approval

The Department recommends that the Environmental Quality Commission approve **seven** facilities that provide alternatives to open field burning. The claimed facilities include buildings, tiling installations, and equipment to reduce air pollution. The primary and most important purpose of each of these facilities is to respond to a requirement imposed by DEQ to reduce the maximum number of acres that are open-burned in compliance with acreage limitations and allocations under OAR 340-266-0060.

Summary of Alternatives to Open Field Burning

App #	Applicant	Certified	% Allocable	Maximum Percent	Tax Credit
6964	LeRoy & Lowell Kropf	\$ 60,155	100%	35%	\$ 21,054
6983	Knox Seed, Inc.	\$ 135,292	32%	35%	\$ 15,153
7065	Scheffel Farms, Inc	\$ 264,964 ⁴	100%	35%	\$ 92,737
7104	RD Farms, Inc.	\$ 54,080	100%	35%	\$ 18,928
7112	Doerfler FLP & Duerst FLP	\$ 227,049	100%	35%	\$ 79,467
7137	Bruce McKee	\$ 21,000	100%	35%	\$ 7,350
7138	Bruce McKee	\$ 51,500	100%	35%	\$ 18,025
7 Apps	Sum	\$814,040			\$252,715
	Average	\$116,291			\$36,102
	Minimum	\$21,000			\$7,350
	Maximum	\$264,964			\$92,737

⁴ The facility cost would be \$264,964 or \$64,409 contingent upon the EQC's decision to approve tiling on all five parcels or just one parcel.

References

ORS 468.150⁵

After alternative methods for field sanitation and straw utilization and disposal are approved by the Department of Environmental Quality, "pollution control facility," as defined in ORS 468.155, shall include such approved alternative methods and persons purchasing and utilizing such methods shall be eligible for the benefits allowed by ORS 468.155 to 468.190 and 468.962. [1975 c.559 §15; 1999 c.59 §136]

Note: 468.150 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 468 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

OAR 340-016-0060⁶

- (4) Eligible Activities... (b) Alternatives to Open Field Burning. The facility shall reduce or eliminate:
- (A) Open field burning and may include equipment, facilities, and land for gathering, densifying, handling, storing, transporting and incorporating grass straw or straw based products;
 - (B) Air quality impacts from open field burning and may include propane burners or mobile field sanitizers; or
 - (C) Grass seed acreage that requires open field burning. The facility may include:
 - (i) Production of alternative crops that do not require open field burning;
 - (ii) Production of rotation crops that support grass seed production without open field burning; or
 - (iii) Drainage tile installations and new crop processing facilities.

⁵ Field sanitation and straw utilization and disposal methods as "pollution control facilities."

⁶ Eligibility

Hazardous Waste

The Department recommends that the EQC certify two aqueous parts washer that use water and a special non-polluting detergent, rather than solvents, to clean auto parts. The claimed facilities meet the definition of hazardous waste facilities. The applicants use the equipment to prevent and reduce a substantial quantity of hazardous waste.

Summary of Hazardous Waste Pollution Control Facilities

App #	Applicant	Certified	% Allocable	Maximum Percent	Tax Credit
7101	K & G Excavating Co., Inc.	\$ 2,995	100%	35%	\$ 1,048
7131	Georg Hortnagl	\$ 2,753	100%	35%	\$ 964
2 Apps	Sum	\$ 5,748			\$ 2,012
	Average	\$ 2,874			\$ 1,006
	Minimum	\$ 2,753			\$ 964
	Maximum	\$ 2,995			\$ 1,048

References

ORS 468.155⁷

(1)(a) As used in ORS 468.155 to 468.190 and 468.962, unless the context requires otherwise, "pollution control facility" or "facility" means any land, structure, building, installation, excavation, machinery, equipment or device, or any addition to, reconstruction of or improvement of, land or an existing structure, building, installation, excavation, machinery, equipment or device reasonably used, erected, constructed or installed by any person if:

(A) The principal purpose of such use, erection, construction or installation is to comply with a requirement imposed by the Department of Environmental Quality, the federal Environmental Protection Agency ... to prevent, control or reduce ... hazardous waste ...; or

(B) The sole purpose of such use, erection, construction or installation is to prevent, control or reduce a substantial quantity of ... hazardous waste....

(b) Such prevention, control or reduction required by this subsection shall be accomplished by:

(E) The treatment, substantial reduction or elimination of or redesign to treat, substantially reduce or eliminate hazardous waste as defined in ORS 466.005.

ORS 466.005 provides the following definition

(7) "Hazardous waste" does not include radioactive material or the radioactively contaminated containers and receptacles used in the transportation, storage, use or application of radioactive waste, unless the material, container or receptacle is classified as hazardous waste under paragraph (a), (b) or (c) of this subsection on some basis other than the radioactivity of the material, container or receptacle. Hazardous waste does include all of the following which are not declassified by the commission under ORS 466.015 (3):

(a) Discarded, useless or unwanted materials or residues resulting from any substance or combination of substances intended for the purpose of defoliating plants or for the preventing, destroying, repelling or mitigating of insects, fungi, weeds, rodents or predatory animals, including but not limited to defoliant, desiccants, fungicides, herbicides, insecticides, nematocides and rodenticides.

(b) Residues resulting from any process of industry, manufacturing, trade or business or government or from the development or recovery of any natural resources, if such residues are classified as hazardous by order of the commission, after notice and public hearing. For purposes of classification, the commission must find that the residue, because of its quantity, concentration, or physical, chemical or

⁷ Definitions for ORS 468.155 to 468.190 and 468.962

infectious characteristics may:

(A) Cause or significantly contribute to an increase in mortality or an increase in serious irreversible or incapacitating reversible illness; or

(B) Pose a substantial present or potential hazard to human health or the environment when improperly treated, stored, transported, or disposed of, or otherwise managed.

(c) Discarded, useless or unwanted containers and receptacles used in the transportation, storage, use or application of the substances described in paragraphs (a) and (b) of this subsection.

OAR 340-016-0060⁸

(4) Eligible Activities. The facility shall prevent, reduce, control, or eliminate: ... (c) Hazardous Waste. The facility shall treat, substantially reduce or eliminate hazardous waste as defined in ORS 466.005 ...

⁸ Eligibility

Material Recovery Facilities for Approval

The Department recommends the Commission approve the facilities presented in this attachment for certification as material recovery of solid waste facilities.

The claimed facilities meet the definition of material recovery facilities. They may include land, structures, buildings, installations, excavations, machinery, equipment or devices used to prevent, control or reduce solid waste. The sole purpose of these facilities is to reduce a substantial quantity of solid waste.

Summary of Material Recovery Facilities

App #	Applicant	Certified	% Allocable	Maximum Percent	Tax Credit
7096	Umpqua Bank Leasing	\$ 439,525	100%	35%	\$ 153,834
7098	Global Leasing, Inc.	\$ 2,806	100%	35%	\$ 982
7099	Global Leasing, Inc.	\$ 9,508	100%	35%	\$ 3,328
7100	Global Leasing, Inc.	\$ 10,489	100%	35%	\$ 3,671
7114	Canby Disposal Company	\$ 11,142	100%	35%	\$ 3,900
7115	B & J Garbage Company	\$ 9,613	100%	35%	\$ 3,365
7116	West Linn Refuse	\$ 11,815	100%	35%	\$ 4,135
7117	West Linn Refuse	\$ 11,750	100%	35%	\$ 4,113
7153	East County Recycling Company	\$ 23,425	100%	35%	\$ 8,199
7154	Global Leasing, Inc.	\$ 24,323	100%	35%	\$ 8,513
7155	Garbarino Disposal & Recycling Service, Inc.	\$ 1,537	100%	35%	\$ 538
7158	Dahl & Dahl Inc	\$ 153,235	100%	35%	\$ 53,632
7197	Safeway, Inc.	\$ 48,295	100%	35%	\$16,903.25
13					
Apps	Sum	49,286			17,250
	Average	16,429			5,750
	Minimum	1,537			538
	Maximum	24,323			8,513

References

ORS 468.155⁹

Such prevention, control or reduction required by this subsection shall be accomplished by the use of a material recovery process which obtains useful material from material that would otherwise be, hazardous waste as defined in ORS 466.005, or used oil as defined in ORS 459A.555.

ORS 459.005 provides the following definition of solid waste.

All useless or discarded putrescible and non-putrescible materials, including but not limited to garbage, rubbish, refuse, ashes, paper and cardboard, sewage sludge, septic tank and cesspool pumpings or other sludge, useless or discarded commercial, industrial, demolition and construction materials, discarded or abandoned vehicles or parts thereof, discarded home and industrial appliances, manure, vegetable or animal solid and semisolid materials, dead animals and infectious waste as defined in ORS 459.386. ORS 459.005(24).

OAR 340-016-0060¹⁰

(4) Eligible Activities. The facility shall prevent, reduce, control, or eliminate hazardous waste, solid waste and used oil. The facility shall eliminate or obtain useful material from material that would otherwise be solid waste as defined in ORS 459.005, hazardous waste as defined in ORS 466.005, or used oil as defined in ORS 468.850. The facility shall produce an end product of utilization that is an item of real economic value and is competitive with an end product produced in another state. The facility shall produce the end product by mechanical processing, chemical processing; or through the production, processing, pre-segregation, or use of materials which:

- (A) Have useful chemical or physical properties which may be used for the same or other purposes; or
- (B) May be used in the same kind of application as its prior use without change in identity.

⁹ Definitions for ORS 468.155 to 468.190 and 468.962

¹⁰ Eligibility

Nonpoint Source Pollution Control Facilities for Approval

The Department recommends the Commission approve the following applications for certification as nonpoint source pollution control facility. The facility may include land, structures, buildings, installations, excavations, machinery, equipment or devices used to prevent, control or reduce nonpoint source pollution as defined by the EQC.

Summary of NPS Pollution Control Facilities

App #	Applicant	Certified	% Allocable	Maximum Percent	Tax Credit
7109	Starvation Farms	\$ 58,811	100%	35%	\$ 20,584
7145	M & T Thorne, Partnership	\$ 8,928	100%	35%	\$ 3,125
7146	Mathew R Wood	\$ 8,928	100%	35%	\$ 3,125
3 Apps	Sum	\$ 67,739			\$ 23,709
	Average	\$ 33,870			\$ 11,854
	Minimum	\$ 8,928			\$ 3,125
	Maximum	\$ 58,811			\$ 20,584

References

ORS 468.155¹¹

- (2)(a) As used in ORS 468.155 to 468.190, “pollution control facility” or “facility” includes a nonpoint source pollution control facility.
- (b) As used in this subsection, “nonpoint source pollution control facility” means a facility that the Environmental Quality Commission has identified by rule as reducing or controlling significant amounts of nonpoint source pollution.

OAR 340-016-0010¹²

(8) "Nonpoint Source Pollution" means pollution that comes from numerous, diverse, or widely scattered sources of pollution that together have an adverse effect on the environment. The meaning includes:

- (a) The definition provided in OAR 340-041-0006(17); or
- (b) Any sources of air pollution that are:
 - (A) Mobile sources that can move on or off roads; or
 - (B) Area sources.

¹¹ Definitions for ORS 468.155 to 468.190 and 468.962

¹² Definitions

- (4) Eligible Activities. The facility shall prevent, reduce, control, or eliminate: ... (h) Nonpoint Source Pollution. Pursuant to ORS 468.155(2)(b), the EQC has determined that the following facilities reduce, or control significant amounts of nonpoint source pollution:
- (A) Any facility that implements a plan, project, or strategy to reduce or control nonpoint source pollution as documented:
 - (i) By one or more partners listed in the Oregon Nonpoint Source Control Program Plan; or
 - (ii) In a Federal Clean Air Act State Implementation Plan for Oregon; or
 - (B) Any facility effective in reducing nonpoint source pollution as documented in supporting research by:
 - (i) Oregon State University, Agricultural Experiment Station; or
 - (ii) The United States Department of Agriculture, Agriculture Research Service; or
 - (iii) The Oregon Department of Agriculture; or
 - (C) Wood chippers used to reduce openly burned woody debris; or
 - (D) The retrofit of diesel engines with a diesel emission control device, certified by the U.S. Environmental Protection Agency.

¹³ Eligibility

Underground Storage Tanks

The Department recommends that the Environmental Quality Commission approve **one** underground storage tank system. The principal purpose of the upgrade to the retail gas station is to meet the federal Environmental Protection Agency's requirements for underground storage tanks and DEQ's requirements under OAR Chapter 340, Division 150.

Summary of Underground Storage Tank System

App #	Applicant	Certified	% Allocable	Maximum Percent	Tax Credit
7019	Truac Harris Energy LLC	\$330,449	100%	25%	82,612

1 App

References

Underground and aboveground storage tanks qualify under both air and water pollution control sections of the pollution control facilities tax credit statutes. The definitions of air and water pollution are behind their respective tabs in this attachment.

OAR 340-016-0060¹⁴

(4) Eligible Activities. The facility shall prevent, reduce, control, or eliminate: ... g) Spills or Unauthorized Releases. The facility shall be used to detect, defer or prevent spills or unauthorized releases. This does not include any facility installed, constructed or used for cleanup after a spill or unauthorized release has occurred ...

¹⁴ Eligibility

Attachment C

Certificate Administration

Three taxpayers notified the Department of the change in the status of the attached Pollution Control Facilities Tax Credit Certificates. Based on these notifications, the Department recommends that the Commission take the following actions.

Action	Certificate	Changes
<p>Reissue (old certificate format)</p>	<p>4079</p>	<p>From: 24x124x270 pole building with painted metal siding for storing straw</p> <p>32283 Diamond Hill Drive Harrisburg OR 97446</p> <p>Percentage of facility cost allocable = 49%</p> <p>To: 200x142 steel building supported by steel columns and concrete footings.</p> <p>22085 North Coburg Road Harrisburg, OR 97446</p> <p>Percentage of facility cost allocable = 20%</p> <p>Richard D. and Russell Baker replaced a previously certified facility before the end of its useful life. Both buildings have a 3,700-ton capacity. The new straw storage building has a greater return on investment than the original facility; therefore, the percentage of the facility cost allocable to pollution control is 20% rather than 49% as shown on the previous certificate.</p> <p>ORS 468.155(3)(e)(B) provides that the remainder of the tax credit certified to the original facility is available to a new facility if the certificate holder replaces all or a part of a certified facility before the end of the facility's useful life.</p>

Action	Certificate	Changes
Transfer (new certificate format)	10539	<p>From: One – Flexcoil 5000 Air Drill, SN: AD-101602; One – Flexcoil 2340 Air Seeder Cart, SN: 2340-107421; <u>One Case IH Quad Tractor, SN: JEE102918</u></p> <p>To: One – Flexcoil 5000 Air Drill, SN: AD-101602; One – Flexcoil 2340 Air Seeder Cart, SN: 2340-107421; <u>Challenger MT835, SN: BAM50653</u></p> <p>ORS 468.155(3)(e)(B) provides that the remainder of the tax credit certified to the original facility is available to a new facility if the certificate holder replaces all or a part of a certified facility before the end of the facility’s useful life.</p>
	10869	<p>From: Newton Brothers</p> <p>To: Jeffrey Newton</p>

Attachment D

Tax Expenditure Liability Report

When the Environmental Quality Commission issues a Pollution Control Facilities Tax Credit Certificate, the State of Oregon incurs a tax expenditure liability. The table in this attachment shows the maximum potential fiscal impact associated with the Commission's decision to certify the facilities presented in this staff report and for the current biennium.

This report shows the maximum amount of credit that each applicant may use to reduce their Oregon taxes in any one year if the Commission certifies their facility. The annual limitation is equal to the tax credit divided by the remaining useful life of the facility but no more than ten years. The remaining useful life is the useful life of the facility less the expired period between the date the applicant placed the facility into operation and the Commission approved certification.

Attachment E

Certified Wood Chipper Report

November 15, 2005 – May 1, 2006

On October 4, 2002, the Commission adopted OAR 340-016-0009. The rule delegates the Commission's authority to certify wood chippers for tax credit purposes to the Department. The Commission requested that the Department periodically provide a listing of the wood chipper certifications.

The Department presented the last Certified Wood Chipper Report to the EQC on October 21, 2005. The Department certified **25** wood chippers from the date of the last report to the date of this report for certificates issued from November 15, 2005 through May 1, 2006.

Reference

OAR 340-016-0009¹⁵

For the purpose of subdelegating authority to approve and issue final certification of pollution control facilities under OAR 340-016-0080(2):

- 1) The Environmental Quality Commission authorizes the Director of the Department of Environmental Quality or the Director's delegate to certify wood chippers as provided in OAR 340-016-0060(4)(h)(C) if:
 - a) The Department determines the facility is otherwise eligible under OAR 340-016-0060; and
 - b) The claimed facility cost does not exceed \$50,000 as set forth in OAR 340-016-0075(1).
- 2) The Department may elect to defer certification of any facility to the Environmental Quality Commission.
- 3) If the Department determines the facility cost, the percentage of the facility cost allocable to pollution control, or the applicable percentage under ORS 468.173 is less than the applicant claimed on the application then the Department shall:
 - a) Notify the applicant in writing; and
 - b) Include a concise statement of the reasons for the proposed certification of a lesser amount or percentage; and

¹⁵ Certification of wood chippers

- c) Include a statement advising the applicant of their rights under section (4).
- 4) Applicants that receive a notification under section (3) may elect to defer certification to the Environmental Quality Commission by notifying the Department within 30 days of the notification date.
- 5) The Department shall defer certification to the Environmental Quality Commission according to sections (2) and (4).
- 6) The Director or the Director's delegate shall certify facilities that otherwise qualify under this rule and have not been deferred according to sections (2) or (4).

Adopted 10-4-02; effective 11-01-02