



**Oregon Legislative Budget 2023-25:
Leveraging Federal Funding for Building Resilience Package**

Fast Facts:

- Investing \$20.2M in the Building Resilience Policy Package could enable Oregon to draw down **\$249.3 million** in direct federal funding for heat pumps, energy efficiency, and weatherization. Included in this total:
 - SB 868-871 could likely bring in at least \$135.3M of federal funding for energy efficiency and contractor/workforce training funds.
 - HB 3166 will ensure effective and equitable delivery of \$114M of federal rebates for heat pumps, other efficient electric appliances, and home weatherization rebates for approx. 17,600 lower-income households in Oregon.
- In addition, assuming SB 868 and HB 3166 help ensure a mere 3% of Oregon residential homeowners utilize federal tax credits every year, these bills would enable 30,000 households to access **\$96M** annually in federal tax credits for heat pumps, water heaters, and energy efficient weatherization. This could total **\$960 million** in cost savings from federal funding over 10 years.
- These conservative estimates do not include facilitation of generous commercial building tax credits and other big buckets of anticipated federal funding such as \$90 million for solar and storage for lower-income families. Nor do they include coupling this federal funding with existing incentives through Energy Trust of Oregon, state agency, utility or local programs.

**Details of How the Building Resilience Package
Leverages Federal Funding**

These federal programs denoted with an asterisk are **competitive grants, rather than formula funds; the numbers provided are conservative estimates based on the assumption that Oregon competes for and receives at minimum its proportional share, based on OR being 1.28% of the U.S. population. Actual total would likely be well above proportional share, as not every jurisdiction will apply for every grant opportunity.*

Bill number	Policy/topic	Requested state budget contribution	Potential federal funding
SB 868 (Healthy Heating and Cooling for All)	Administrative agency fiscal	\$524,000 for ODOE to hire 2 FTE to track heat pump deployment, run workforce training fund	Federal tax credits and rebates available to help Oregon homeowners, renters and businesses reach the new 500K heat pump deployment goal set in SB 868 (see details below). If a conservative assumption is that passage of these bills could help ensure 3% of Oregon homeowners take advantage of the tax credits for heat pumps, solar, energy efficiency and weatherization every year, that's 30,000

			households per year utilizing \$96M in federal tax credits. This could total \$960M over 10 years.
	Energy Efficient Technologies Information and Training Fund (workforce training fund for contractors involved in energy efficiency and electrification)	\$2M to seed fund and start curriculum	The state can draw down and leverage at least \$2.5M* from the \$200M <i>State-Based Home Energy Efficiency Contractor Training Grants</i> program to train and educate home energy efficiency and electricity technicians (IRA Sec. 50123).
SB 869 (Build Smart from the Start)	Administrative agency fiscal	\$756,051 for DCBS to hire 2 FTE to integrate climate change considerations and energy efficiency into state building code division	The state can draw down and leverage at least \$18.8M , including at least \$12.8M* from \$1B <i>Assistance for Latest and Zero Building Energy Code Adoption</i> program (IRA Sec. 50131); at least \$3.2M from the <i>Environmental Product Declaration Assistance</i> program (IRA Sec. (60112) to support embodied carbon assessments; and at least \$2.8M* from DOE's \$250M Building Codes Implementation for Efficiency and Resilience Program .
SB 870 (Building Performance Standard)	Administrative agency fiscal	\$3.7M (over multiple biennium) for ODOE to hire 7 FTE to set up and administer Building Performance Standard program	Commercial building owners can leverage tax deductions of up to \$1.80 per square foot for energy efficient retrofits from DOE's <i>Tax Incentives for Energy-Efficiency Upgrades in Commercial Buildings</i> program (IRA Sec. 13303).
	Early Adopter Incentive Program fund at ODOE	\$3M - funds energy efficiency for commercial buildings, schools, multifamily housing, universities, hospitals	Multifamily building owners and renters can apply for grants from a \$1B Green and Resilient Retrofit Program for improving the efficiency and climate resilience of affordable housing (IRA Sec. 30002).
SB 871 (Smart State Buildings)	Administrative agency fiscal	\$731k for 1 FTE at DAS for energy assessments/ technical expertise for state-owned buildings	State-owned buildings and other non taxable entities are eligible to leverage tax deductions of up to \$1.80 per square foot for energy efficient retrofits (IRA Sec. 13303). President Biden's National Building Performance Standards Coalition could also enable DAS to leverage additional resources.
HB 3166	Administrative agency fiscal	\$519k for ODOE to establish and administer two energy efficiency programs.	The state will receive \$114M in funding from the Home Energy Performance-Based, Whole-House Rebates (HOMES) and High Efficiency Electric Home Rebate (HEEHR) programs
POTENTIAL TOTAL		\$20.2M (includes more \$\$ for Healthy Homes and Heat Pump programs)	\$249.3M

Relevant Tax Credits and Incentives for Oregonians and Oregon Businesses

Tax Credit or Incentive	Description	Who is Eligible	Amount
25C Residential Energy Efficiency Tax Credit	Provides capped 30% tax credit for heat pumps, water heaters, electrical panel upgrades, weatherization measures, and energy audits.	Home and business owners, renters. No income requirement.	Up to \$2,000 every year total for heat pumps and heat pump water heaters. Stackable with HOMES & HEEHR. Up to \$1,200 every year total for other upgrades, including insulation, windows, electrical panel upgrades. Stackable with HOMES & HEEHR.
Electrification Rebate (High-Efficiency Electric Home Rebate (HEEHR))	Provide point-of-sale consumer discounts to enable low- or moderate-income households (and building owners and contractors) to electrify.	Low-income households (owners & renters)	Covers 100 percent of electrification project costs (up to \$14,000) for low-income households (<80 percent AMI)
		Moderate-income households (owners & renters)	Covers 50 percent of costs (up to \$14,000) for moderate-income households (80-150% AMI)
		Building owners for multi-family buildings where 50% of residents are low- and moderate income	Up to \$14,000 per eligible unit.
		Contractors	Up to \$500 per qualifying project.
Efficiency Rebate (Home Owner Managing Energy Savings Rebates (HOMES))	Rebates for modeled or measured energy savings	Households, multi-family building owners	Up to \$8,000 for LMI households and \$4,000 per unit otherwise
		Contractors	\$200 per qualifying project
45L New Energy Efficient Home Credit	Incentivizes new homes and major renovations to meet EPA's Energy Star certification and DOE's Zero Energy Ready Homes certification.	Commercial Building Owners	For new construction or major retrofits, up to \$5,000 per unit

<p>179D Energy Efficient Commercial Buildings Deduction</p>	<p>Incentivizes retrofits of commercial buildings, including traditional commercial spaces and apartment buildings as well as buildings owned by non-taxable entities like governments, schools, hospitals, and houses of worship.</p>	<p>Commercial Building Owners</p>	<p>Commercial building owners can leverage tax deductions of up to \$1.80 per square foot for energy efficient retrofits or new construction, and potentially up to \$5 per square foot if use apprenticeship and prevailing wage (IRA Sec. 13303).</p>
<p>POTENTIAL TOTAL - example</p>	<p>Overall, SB 868 and HB 3166 help Oregonians learn about and take advantage of lucrative federal tax credits now available for home weatherization and energy efficient appliance upgrades. For a home installing a new heat pump, heat pump water heater, and improving insulation, the federal tax credits are worth 30%, capped at \$3,200 per year (not including any paired incentives from Energy Trust of Oregon or other state or local programs). If a conservative assumption is that passage of these bills could help ensure 3% of Oregon residential homeowners take advantage of the tax credits for heat pumps, energy efficiency and weatherization, that's 30,000 households per year utilizing \$96 million in federal tax credits. This is \$960 million over 10 years.</p>		