

To: Senate Committee on Environment and Natural Resources June 10, 2015

From: Tom Bowerman, Business Owner and Policy Researcher

"...we can expect Oregon's emissions in 2020 to be some 11 MMTe *in excess of* the 51 MMTe goal that the legislature has set for our state in that year, with the gap thereafter between performance and goals growing wider each year." (Executive Summary of Draft 2015 Oregon Global Warming Commission report to Legislature, based on DOE analytics)

Eight years after Oregon adopted GHG policy goals, we are not on track, and will miss the goal by twenty percent without better policy adoption. Based on world-broad analysis, a carefully designed "cap and trade" (or more accurately, a "declining cap and auction based open market system" functioning successfully in other jurisdictions appears to best suited to Oregon's own unique characteristics.

We are here to examine two prospective policies, the matrix chart below intends to put the principle differences into a short-hand comparison. In the broadest sense, there are really three profoundly important differences:

- HB3470 is a flexible performance policy via Commission adoption of OAR --- SB965 is a comparatively rigid prescriptive legislative policy.
- HB3470 enables a market mechanism with revenue re-investments in non-fossil fuel futures --- SB365 refunds prescribed revenue to all taxpayers and their dependents in equal portions.
- Random sampling of Oregon registered voters finds HB3470 methodology supported by a 2:1 ratio, with support for reinvestment running almost 3:1 over refund (see results flip side of the one-pager).

Comparison of differences SB 965 and HB3470

Topic	SB 965	HB 3470
GHG reduction targets	Hansen modified	IPCC & OAR 468A-205 + best science
Category of GHG	Electricity & fossil fuel + wellhead CH4	All GHG + de minimus baseline
Fee based system	Required by Statue	Allowed by agency rulemaking
Science based standards	Allowed 2-44	Required
Life-cycle analysis	Partial 3-34	Fully required
Revenue collection	Required Depart. of Revenue	Allowed, agency rulemaking ~ WCI.Inc
Revenue spending	Refund taxpayer & their dependents equally	Agency by rule stipulates emission reductions & social benefits (5 Section 8)
Flexibility corrections	Not specified	Required 5-36
GHG reduction permanence	Not specified	Specified permanent 5-28
At risk populations	None specified	Justice Commission in rulemaking
Empirical outcome tested	Unknown	Yes, WCI-3 & RGGI 9
Joins larger coalition	No	Allowed, ~ WCI.Inc
Administration burden	Oregon DEQ & Dpt. of Revenue	DEQ ~ WCI
Oregon public support	Yes on cap, no on refund	Yes on cap, yes on investment
Legislative look-ins	unspecified	Stipulated in -8 amendments
GHG Research	None	OSU Research Department -8 amend.

Oregon Climate Stability & Justice Act [HB3470-A](#)

(hyperlinks in blue - electronic version available on request: info@policyinteractive.org)

Oregon's carbon reduction targets are not achieving the goals of Oregon's existing policy.

HB3470 is designed to create a comprehensive policy which will:

1. Achieve Oregon 2007 emission goals currently not being met.
2. Be politically feasible.
3. Navigate Oregon constitutional provisions about fuel taxation.
4. Reflect the preference of Oregon's citizens.
5. Help the economy.
6. Be fair to at-risk populations.
7. Contribute to a larger regional or national greenhouse gas policy.
8. Remain flexible within best science, technology and changing circumstances.

HB3470-A language specifically provides for these key components:

- Gives [ORS 468A.205](#) greenhouse gas reduction goals a mandate.
- Consolidates Oregon laws, rules and policies about emissions into a comprehensive framework.
- Applies the best available science.
- Mandates emission reductions which are real, quantifiable, verifiable and enforceable.
- Requires least cost implementation strategies.
- Requires five year reporting & strategic adjustments.
- Requires full accounting methods for carbon emissions.
- Provides protections that impacts do not fall disproportionately on low income communities.
- Authorizes a market-based trading and auction program similar to [California law AB32](#). California, with the 7th largest economy in the world, designed their law to be joined by other jurisdictions. Nine years of California carbon cap policy is demonstrating that a carbon emission reduction policy is boosting their economy and California is on a path to decouple from fossil fuels. Nine northeast states ([RGGI](#)) also report cap and allocation producing favorable GHG reductions coupled with well above national average average economic performance.
- Provides a policy framework which is supported by a majority of Oregonians (see overleaf).

The Legislative Revenue office finds that [HB3470 has No Revenue Impact](#)

Current Amendments in House Rules: [HB3470-A8](#)

Self-supporting: California's AB32 Climate Stabilization Act fiscal costs are projected to be self-supporting through auctioning authorizations, a fee based program.

Current: HB3470-A awaits House Rules Committee action, slated to move to Joint Ways and Means.

Human caused climate change is a profoundly urgent issue. Delaying action compounds the costs. A total of ten states and two Canadian provinces are demonstrating that capping carbon emissions and running a fee based emission permit system significantly reduces emissions, provides capital for greenhouse reducing public investments, with economic performance metrics above the national average. [current Oregon voter opinion surveying over-leaf]

Current Public Opinion (see overleaf)

Oregon Registered Voter Survey by PI & Info.Alliance 5.12-5.17, 2015 N=402 Telephone MOE 4.9%

Full unabridged survey link [CLICK HERE](#)

Q6 Would you support or oppose Oregon legislation to enforce existing state greenhouse gas reduction goals -- by adopting policy found to be successful in other states?	N	PERCENT OF TOTAL	AGG PERCENT
Strongly Oppose	66	16.4%	30.3%
Lean toward Oppose	56	13.9%	
Lean toward Support	112	27.9%	64.2%
Strongly Support	146	36.3%	
Undecided ((DO NOT READ): neutral, don't know, need more information, etc)	12	4.3%	4.3%

Q7.1-7.8 Components analysis of 3470 available through link above, omitted here for brevity

Q8. If these eight components were applied together to obtain Oregon's 2007 climate stability goals, would you support or oppose it?	N	PERCENT OF TOTAL	AGG.%
Strongly oppose	66	16.4%	26.8%
Lean toward Oppose	42	10.4%	
Undecided	29	7.2%	7.2%
Lean toward Support	124	30.8%	63.9%
Strongly Support	133	33.1%	
((DO NOT READ): other answer, need more information, don't know	8	2.0%	2.0%

Q9. If revenue were collected from large greenhouse gas emitters, do you think proceeds should be:	N	PERCENT OF TOTAL
Distributed to all tax payers equally.	67	22.1%
Re-invested in projects to lower greenhouse gas emissions like renewable energy, conservation and research	272	67.7%
((DO NOT READ): Some other response	41	10.2%