LPRO: LEGISLATIVE POLICY AND RESEARCH OFFICE

SENATE ENVIRONMENT AND NATURAL RESOURCES

Chair: Senator Dembrow
Vice-Chair: Senator Olsen

Members:
Senator Baertschiger
Senator Prozanski
Senator Roblan

TO:	Senate Environment and Natural Resources Committee
FROM:	Daniel Gray, Researcher
DATE:	February 28, 2017
RE:	2017 Climate Legislation

House Bill 2135 and Senate Bill 557 – Cap and Invest Program
House Bill 2135 and Senate Bill 557 would require the Environmental Quality Commission (EQC) to adopt, by rule, specified statewide greenhouse gas emission reduction goals which replace previous statutory goals. The EQC is directed to adopt a carbon pollution market covering sources that emit more than 25,000 metric tons of carbon dioxide per year, placing a cap on total emissions beginning in 2021 and decreasing the amount of total emissions allowed until 2050. Revenue generated from the sale of emissions allowances is directed to fund: 1) certain transportation infrastructure projects; 2) grant programs for certain development projects and assisting job sectors affected by climate change and climate policies; and 3) bill assistance for low-income energy utility customers. The bills include provisions that direct spending toward disadvantaged and economically distressed communities. The Oregon Global Warming Commission is renamed the Oregon Commission on Climate Change and must report to the Legislature on progress toward the above emission reduction goals each even-numbered year. House Bill 2135 and Senate Bill 557 are substantially similar but not identical. For example, Senate Bill 557 includes the creation of an oversight committee that is not created in House Bill 2135.

House Bill 2468 – Greenhouse Gas Emission Limits
House Bill 2468 requires the Environmental Quality Commission (EQC) to adopt, by rule, statewide greenhouse gas emissions limits based on the best available science. Emissions are required to decrease by an annual rate of eight percent. By 2020, the EQC is directed to adopt an action plan for meeting emissions reductions goals. House Bill 2468 directs the Department of Environmental Quality to periodically prepare and submit reports to the EQC that update and describe the best available climate change science, to be used by the EQC in adopting and updating related rules. The measure would repeal statutory provisions granting certain exemptions from air pollution laws and greenhouse gas emissions goals, effective January 1, 2018.

Senate Bill 748 – Carbon Pollution Permit Program
Senate Bill 748 requires the Environmental Quality Commission to adopt, by rule, a carbon pollution permit program. A cap, beginning in 2021 and decreasing until 2050, would be set on total emissions from sources emitting more than 25,000 units of carbon dioxide equivalent per year. Covered sources would be given individual emissions limits that also decrease each year, and must obtain a permit from the Department of Environmental Quality to authorize their emissions. Permits for emissions in excess of 25,000 units for each source would be subject to a fee schedule, and emissions in excess of each source's individual limit would be subject to a penalty. Revenue generated from permit fees and penalties is directed to fund certain transportation infrastructure projects; grant programs for certain development projects and assisting job sectors affected by climate change and climate

policies; and bill assistance for low-income energy utility customers. The bill includes provisions that direct spending toward disadvantaged and economically distressed communities.

LC 1242 – Carbon Tax

LC 1242 would impose a tax on carbon-based fuel sold by a fuel supplier or used to produce carbon-generated electricity supplied by a utility to Oregon consumers. A tax rate of $10/ton of carbon is established with annual rate increases of $10/ton until the rate reaches $60/ton; further rate increases are based on inflation. The amount of all taxes imposed on oil or natural gas may not exceed six percent of the market value of the oil or natural gas; any excess above six percent is refunded to the taxpayers.

Tax revenues from the sale of motor vehicle fuel or other products used to propel motor vehicles are deposited into a climate investment account in the state Highway Fund. All other revenues would be deposited into other newly created funds. Tax revenues are directed to fund projects and programs geographically located in or benefitting disadvantaged communities or economically distressed areas to support job creation and job education and training programs.

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