

Senate Bill 748

Sponsored by Senator BEYER (at the request of former Senator Chris Edwards)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Environmental Quality Commission to adopt carbon pollution permit program by rule. Requires commission to consult with certain interested persons and be advised by advisory committee in adopting rules. Establishes Carbon Pollution Permit Program Oversight Committee. Declares legislative purposes of carbon pollution permit program.

Provides for distribution of moneys received from fees and penalties under carbon pollution permit program. Establishes Climate Investments Account in State Highway Fund. Establishes Climate Assistance Fund, Oregon Climate Investments Fund and Just Transition Fund. Provides for uses of moneys in funds established. Establishes certain committees and proscribes duties of committees related to uses of moneys in funds established.

Becomes operative January 1, 2021. Authorizes Environmental Quality Commission and Oregon Business Development Department to adopt rules prior to operative date.

Declares emergency, effective on passage.

A BILL FOR AN ACT

Relating to entities that contribute to greenhouse gas emissions; creating new provisions; amending ORS 468A.020; and declaring an emergency.

Be It Enacted by the People of the State of Oregon:

CARBON POLLUTION PERMIT PROGRAM (Statement of Purposes)

SECTION 1. Sections 2 to 17 of this 2017 Act are added to and made a part of ORS chapter 468A.

SECTION 2. (1) The Legislative Assembly finds and declares that the purposes of sections 2 to 17 of this 2017 Act are to reduce greenhouse gas emissions consistent with the greenhouse gas emissions reduction goals established under ORS 468A.205 and to promote adaptation and resilience by this state's communities and economy in the face of climate change.

(2) Sections 2 to 17 of this 2017 Act and the rules adopted pursuant to sections 2 to 17 of this 2017 Act:

(a) May not be interpreted to limit the authority of any state agency to adopt and implement measures to reduce greenhouse gas emissions; and

(b) Shall be interpreted in a manner consistent with federal law.

(Rules Adoption and Implementation Oversight Advisory Committees)

SECTION 3. (1) In adopting rules as required by sections 6, 7 and 13 of this 2017 Act, the Environmental Quality Commission shall consult with the Environmental Justice Task

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 Force, Indian tribes, the Public Utility Commission, the State Department of Energy, the
2 Department of Transportation and other interested state and federal agencies, and shall be
3 advised by an advisory committee appointed by the Governor.

4 (2) The advisory committee required by this section shall be composed of:

5 (a) One member appointed by the Commission on Asian and Pacific Islander Affairs;

6 (b) One member appointed by the Commission on Black Affairs;

7 (c) One member appointed by the Commission on Hispanic Affairs;

8 (d) One member appointed by the Commission on Indian Services; and

9 (e) Five members appointed by the Governor who reflect the geographic and demographic
10 diversity of this state, and who have the qualifications deemed necessary by the Governor
11 to advise the Environmental Quality Commission on the diversity of interests relating to
12 efforts by the state to limit greenhouse gas emissions consistent with ORS 468A.205, with a
13 preference in making appointments given to individuals who can represent the interests of
14 multiple constituencies.

15 (3) Members of the advisory committee are not entitled to compensation or reimburse-
16 ment for expenses and serve as volunteers on the advisory committee.

17 **SECTION 4.** (1) The Carbon Pollution Permit Program Oversight Committee is created.
18 The committee consists of nine members as follows:

19 (a) The President of the Senate shall appoint one member from among the members of
20 the Senate.

21 (b) The Speaker of the House of Representatives shall appoint one member from among
22 the members of the House of Representatives.

23 (c) The Governor shall appoint:

24 (A) One member who represents the office of the Governor;

25 (B) One member who represents disadvantaged communities;

26 (C) One member who represents the interests of labor organizations;

27 (D) One member who represents environmental organizations;

28 (E) One member who represents covered entities;

29 (F) One member with expertise in climate science; and

30 (G) One member who represents the interests of business sectors impacted by climate
31 change.

32 (2) The term of a legislative member of the committee shall be two years. If a person
33 appointed by the President of the Senate or by the Speaker of the House ceases to be a
34 Senator or Representative during the person's term on the committee, the person may con-
35 tinue to serve as a member of the committee for the balance of the member's term on the
36 committee. The term of all other appointed members shall be four years. Appointed members
37 of the committee may be reappointed. If a vacancy occurs in one of the appointed positions
38 for any reason during the term of membership, the official who appointed the member to the
39 vacated position shall appoint a new member to serve the remainder of the term. An ap-
40 pointed member of the committee may be removed from the committee at any time by the
41 official who appointed the member.

42 (3)(a) The members of the committee shall select from among themselves a chairperson
43 and a vice chairperson.

44 (b) The committee shall meet at such times and places as determined by the chairperson.

45 (4) Notwithstanding ORS 171.072, members of the committee who are members of the

1 Legislative Assembly are not entitled to mileage expenses or a per diem and serve as volun-
2 teers on the committee. Other members of the committee are not entitled to compensation
3 or reimbursement for expenses and serve as volunteers on the committee.

4 (5) The committee shall:

5 (a) Study the implementation of sections 2 to 17 of this 2017 Act, with particular focus
6 on the use of the moneys received as fees and penalties pursuant to sections 6 and 7 of this
7 2017 Act and the following matters relating to the use of the moneys:

8 (A) Greenhouse gas emissions reductions that have resulted from the use of the moneys;

9 (B) The geographic distribution of activities, programs or persons that have benefitted
10 from the use of the moneys; and

11 (C) How disadvantaged communities and economically distressed areas have benefitted
12 from the use of the moneys;

13 (b) Make any recommendations to the Environmental Quality Commission, the Governor
14 and the Legislative Assembly that the committee deems necessary to increase the effective-
15 ness of the implementation of sections 2 to 17 of this 2017 Act;

16 (c) Make any recommendations for additional legislation governing the adoption and im-
17 plementation of the carbon pollution permitting program; and

18 (d) Conduct such other studies as necessary to provide oversight to the implementation
19 of sections 2 to 17 of this 2017 Act.

20 (6) The Department of Environmental Quality shall provide the committee with staff,
21 subject to availability of funding for that purpose.

22
23 (Definitions)
24

25 **SECTION 5.** As used in sections 2 to 17 of this 2017 Act:

26 (1) "Carbon dioxide equivalent" means the potential contribution of a greenhouse gas to
27 anthropogenic climate change expressed such that the potential contribution of one unit of
28 carbon dioxide equivalent is equal to the potential contribution of one metric ton of carbon
29 dioxide.

30 (2) "Carbon pollution permit program" means the system for regulating greenhouse gas
31 emissions established by the Environmental Quality Commission by rule under section 6 of
32 this 2017 Act.

33 (3) "Covered entity" means a source that is required by the Environmental Quality
34 Commission to participate in the carbon pollution permit program.

35 (4) "Disadvantaged communities" includes, but is not limited to:

36 (a) Communities with a high percentage of people of color, low-income households, im-
37 migrants or refugees relative to other communities;

38 (b) Linguistically isolated communities;

39 (c) Communities with high exposures to pollution or toxics relative to other communities;
40 and

41 (d) Rural communities with unemployment rates that are above this state's mean state-
42 wide unemployment rate.

43 (5) "Economically distressed area" means an area designated as distressed by the Oregon
44 Business Development Department under ORS 285A.020 and 285A.075.

45 (6) "Electric utility" has the meaning given that term in ORS 757.600.

1 (7) “Greenhouse gas” means any gas that contributes to anthropogenic climate change,
2 including but not limited to carbon dioxide, methane, nitrous oxide, hydrofluorocarbons,
3 perfluorocarbons and sulfur hexafluoride.

4 (8) “High road agreement” means an agreement among multiple stakeholders that spec-
5 ifies goals for a project or program that are related to the quality and accessibility of eco-
6 nomic opportunities provided by that project or program, and that includes:

7 (a) Strategies for advancing the specified goals based on metrics that may include but
8 are not limited to:

9 (A) Requirements for wages and benefits;

10 (B) Workforce and business diversity;

11 (C) Training and career development; and

12 (D) Environmental benefits;

13 (b) A mechanism for implementing the agreement; and

14 (c) A process for evaluating the progress of a project or program toward achieving the
15 goals specified in the agreement.

16 (9) “Individual emissions limit” means the maximum amount of greenhouse gases, ex-
17 pressed in units of carbon dioxide equivalent, that an individual covered entity is permitted
18 to emit in one calendar year under the carbon pollution permit program.

19 (10) “Leakage” means a reduction in greenhouse gas emissions within this state that is
20 offset by an increase in greenhouse gas emissions outside this state.

21 (11) “Natural gas utility” means a natural gas utility regulated by the Public Utility
22 Commission under ORS chapter 757.

23 (12) “Project labor agreement” means a collective bargaining agreement with one or
24 more labor organizations that establishes the terms and conditions of employment for a
25 specific construction project and that, at a minimum:

26 (a) Binds all contractors and subcontractors on the construction project through the
27 inclusion of appropriate specifications in all relevant solicitation provisions and contract
28 documents;

29 (b) Allows all contractors and subcontractors to compete for contracts and subcontracts
30 without regard to whether they are parties to any other collective bargaining agreement;

31 (c) Contains guarantees against strikes, lockouts and similar job disruptions; and

32 (d) Sets forth effective, prompt and mutually binding procedures for resolving labor dis-
33 putes that arise during the term of the project labor agreement.

34 (13) “Source” means:

35 (a) An air contamination source as defined in ORS 468A.005;

36 (b) Any person that imports, sells, allocates or distributes for use in this state electricity,
37 the generation of which emits greenhouse gases; or

38 (c) Any person that imports, sells or distributes for use in this state fossil fuel that
39 generates greenhouse gases when combusted.

40 (14) “Statewide greenhouse gas emissions” means:

41 (a) The total annual greenhouse gas emissions in this state; and

42 (b) All greenhouse gas emissions from outside this state that are attributable to the
43 generation of electricity that is delivered to and consumed in this state, accounting for
44 transmission and distribution line losses.

45

(Carbon Pollution Permit Program)

1
2
3 **SECTION 6.** (1) The Environmental Quality Commission shall adopt a carbon pollution
4 permit program by rule. Rules adopted under this subsection must:

5 (a) Identify sources subject to the carbon pollution permit program. In adopting rules
6 under this subsection, the commission may not require a source to be subject to the carbon
7 pollution permit program unless or until the annual verified greenhouse gas emissions re-
8 ported under ORS 468A.050 or 468A.280 attributable to that source meet or exceed 25,000
9 units of carbon dioxide equivalent.

10 (b) Set a cap on the total combined greenhouse gas emissions allowed from all covered
11 entities during the calendar year 2021, and set a schedule for the cap to decrease by a pre-
12 determined amount each calendar year until 2050. The cap and schedule shall reflect the total
13 greenhouse gas emissions from covered entities as a proportionate share of statewide
14 greenhouse gas emissions that must be reduced in order to achieve the greenhouse gas
15 emissions reduction goals set forth in ORS 468A.205.

16 (c) Set an individual emissions limit on the greenhouse gas emissions from each covered
17 entity for the calendar year 2021, and set a schedule for the individual emissions limit to
18 decrease by a predetermined amount each calendar year until 2050, consistent with the cap
19 and schedule set under paragraph (b) of this subsection.

20 (d) Require covered entities to annually obtain a permit from the Department of Envi-
21 ronmental Quality to authorize greenhouse gas emissions up to the individual emissions limit
22 set under paragraph (c) of this subsection.

23 (e) Establish multiyear compliance reporting periods and, subject to section 7 of this 2017
24 Act, procedures by which covered entities must meet the entities' compliance obligations
25 under the carbon pollution permit program.

26 (2)(a) The commission shall adopt by rule a schedule of fees for permits required under
27 this section. A fee schedule established under this subsection shall:

28 (A) Apply only to greenhouse gas emissions by a covered entity that are in excess of the
29 first 25,000 units of carbon dioxide equivalent emitted per year by the covered entity; and

30 (B) Be based on factors that the commission finds appropriate, including, but not be
31 limited to, the level of greenhouse gas emissions authorized under the individual emissions
32 limit set for the covered entity under subsection (1)(c) of this section.

33 (b) The commission shall hire or contract with a third party organization to provide data
34 and analysis identifying leakage risk from specific covered entities including, but not limited
35 to, covered entities that are part of an emissions-intensive, trade-exposed industry. The
36 commission shall use the data and analysis provided by the third party organization under
37 this section to develop a schedule of reduced fees for permits required under this section and
38 rules for applying the reduced fee schedule to certain covered entities as necessary to ad-
39 dress leakage. No less than once every five years, the commission shall:

40 (A) Require that any data and analysis provided under this subsection be updated by the
41 third party organization.

42 (B) Adjust the rules adopted under this section as necessary to reflect the updated data
43 and analysis.

44 **SECTION 7.** (1) A covered entity subject to the carbon pollution permit program devel-
45 oped under section 6 of this 2017 Act must submit to the Department of Environmental

1 **Quality, in a form prescribed by the Environmental Quality Commission by rule, a report**
 2 **detailing the covered entities' compliance with the individual emissions limits set forth under**
 3 **section 6 of this 2017 Act during a compliance reporting period no later than the reporting**
 4 **date for a compliance reporting period specified by the Environmental Quality Commission**
 5 **by rule or order.**

6 **(2) In addition to any other penalty provided by law, a covered entity that reports**
 7 **greenhouse gas emissions under this section in excess of the covered entity's individual**
 8 **emissions limits for any year during a compliance reporting period must, no later than six**
 9 **months after the specified reporting date for the compliance reporting period, pay to the**
 10 **department a penalty equal to \$_____ for each unit of carbon dioxide equivalent that**
 11 **the covered entity emitted in excess of the covered entity's individual emissions limits during**
 12 **the compliance reporting period.**

13
 14 **DISTRIBUTION OF MONEYS RECEIVED FROM FEES AND PENALTIES**

15
 16 **SECTION 8. (1) All moneys received by the Department of Environmental Quality from**
 17 **fees and penalties paid by covered entities under sections 6 and 7 of this 2017 Act that con-**
 18 **stitute revenues described in Article IX, section 3a, of the Oregon Constitution, shall be paid**
 19 **to the State Treasurer to be deposited in the Climate Investments Account in the State**
 20 **Highway Fund.**

21 **(2) All moneys received by the department from fees and penalties paid by covered enti-**
 22 **ties under sections 6 and 7 of this 2017 Act that do not constitute revenues as described in**
 23 **subsection (1) of this section and that are received from electric utilities and natural gas**
 24 **utilities shall be paid to the State Treasurer to be deposited in the Climate Assistance Fund.**

25 **(3) All moneys received by the department from fees and penalties paid by covered enti-**
 26 **ties under sections 6 and 7 of this 2017 Act that are not described in subsections (1) or (2)**
 27 **of this section shall be paid to the State Treasurer to be deposited as follows:**

- 28 **(a) Eighty-five percent in the Oregon Climate Investments Fund; and**
- 29 **(b) Fifteen percent in the Just Transition Fund.**

30
 31 **(Climate Investments Account in the State Highway Fund)**

32
 33 **SECTION 9. (1) The Climate Investments Account is established within the State High-**
 34 **way Fund. Interest earned by the Climate Investments Account shall be credited to the ac-**
 35 **count. Moneys in the account are continuously appropriated to the Department of**
 36 **Transportation to be used only for activities that further the purposes of sections 2 to 17 of**
 37 **this 2017 Act as stated in section 2 of this 2017 Act.**

38 **(2) The account shall consist of moneys deposited in the account under section 8 of this**
 39 **2017 Act.**

40 **(3)(a) Of the moneys deposited in the account each biennium:**

41 **(A) At least 20 percent must be used to support projects that are geographically located**
 42 **in disadvantaged communities; and**

43 **(B) At least 20 percent must be used to support projects that otherwise benefit disad-**
 44 **vantaged communities.**

45 **(b) For purposes of this section, the Department of Transportation shall designate dis-**

1 advantaged communities using the methodology adopted by the Environmental Quality
 2 Commission by rule under section 13 of this 2017 Act.

3 (4) In distributing moneys in the account, the Department of Transportation shall:

4 (a) Consult with the Climate Investments in Disadvantaged Communities Advisory Com-
 5 mittee created under section 14 of this 2017 Act; and

6 (b) To the maximum extent feasible and practicable, give funding preference to projects
 7 that will result in the greatest greenhouse gas emissions reductions.

8 (5) If a construction project is funded in whole or in part by moneys from the account,
 9 the primary contractor participating in the construction project:

10 (a) Must participate in an apprenticeship program registered with the State Apprentice-
 11 ship and Training Council;

12 (b) May not be a contractor listed by the Commissioner of the Bureau of Labor and In-
 13 dustries under ORS 279C.860 as ineligible to receive a contract or subcontract for public
 14 works;

15 (c) Must demonstrate a history of compliance with the rules and other requirements of
 16 the Construction Contractors Board and of the Workers' Compensation Division and the
 17 Occupational Safety and Health Division of the Department of Consumer and Business Ser-
 18 vices; and

19 (d) Must demonstrate a history of compliance with federal and state wage and hour laws.

20 (6) If a construction project is funded in whole or in part by moneys from the account,
 21 the Department of Transportation may, on a project-by-project basis, require the use of a
 22 high road agreement or a project labor agreement if the use of either type of agreement
 23 would advance the public interest and be consistent with law.

24
 25 (Climate Assistance Fund)

26
 27 **SECTION 10.** (1) The Climate Assistance Fund is established in the State Treasury, sep-
 28 arate and distinct from the General Fund. Interest earned by the Climate Assistance Fund
 29 shall be credited to the fund.

30 (2) The fund shall consist of moneys deposited in the fund under section 8 of this 2017
 31 Act.

32 (3) Moneys in the fund are continuously appropriated to the Department of Environ-
 33 mental Quality to be used to further the purposes of sections 2 to 17 of this 2017 Act as
 34 stated in section 2 of this 2017 Act through the development and implementation of programs
 35 or activities that benefit low-income customers of electric utilities and natural gas utilities.

36 **SECTION 11.** (1) There is created in the Department of Environmental Quality an advi-
 37 sory committee to be appointed by the Governor to advise the department regarding the
 38 development and implementation of programs and activities funded by moneys in the Climate
 39 Assistance Fund. The advisory committee shall consist of nine members including a repre-
 40 sentative of the State Department of Energy, a representative of the Public Utility Com-
 41 mission, and at least four members who represent the interests of persons whom the
 42 programs and activities are intended to benefit.

43 (2) The members shall be appointed to serve for terms of four years each. A vacancy on
 44 the committee shall be filled by appointment by the Governor for the unexpired term.

45 (3) The committee shall meet at times and places fixed by the chairperson of the com-

1 mittee. The committee may meet at other times upon notice by the chairperson or three
 2 members of the committee. The department shall provide office space and personnel to assist
 3 the committee as requested by the chairperson, within the limits of available funds. The
 4 committee shall adopt rules to govern its proceedings and may select officers it considers
 5 necessary.

6 (4) Members of the advisory committee are not entitled to compensation or reimburse-
 7 ment for expenses and serve as volunteers on the advisory committee.

8
 9 (Oregon Climate Investments Fund)

10
 11 **SECTION 12.** (1) The Oregon Climate Investments Fund is established in the State
 12 Treasury, separate and distinct from the General Fund. Interest earned by the Oregon Cli-
 13 mate Investments Fund shall be credited to the fund. Moneys in the fund are continuously
 14 appropriated to the Department of Environmental Quality to be distributed pursuant to the
 15 Climate Investments Grant Program adopted under section 13 of this 2017 Act.

16 (2) The fund shall consist of moneys deposited in the fund under section 8 of this 2017
 17 Act.

18 (3) Moneys in the fund may be used only for activities that further the purposes of
 19 sections 2 to 17 of this 2017 Act as stated in section 2 of this 2017 Act.

20 **SECTION 13.** (1) The Environmental Quality Commission shall adopt by rule a Climate
 21 Investments Grant Program for distributing moneys in the Oregon Climate Investments
 22 Fund. The grant program must carry out the purposes of sections 2 to 17 of this 2017 Act
 23 as stated in section 2 of this 2017 Act.

24 (2)(a) Moneys must be distributed through the grant program developed under this sec-
 25 tion such that, of the moneys deposited in or credited to the Oregon Climate Investments
 26 Fund each biennium:

27 (A) At least 40 percent of the moneys are distributed to projects or programs that are
 28 geographically located in disadvantaged communities; and

29 (B) At least 40 percent of the moneys are distributed to projects or programs that are
 30 geographically located in economically distressed areas, with an emphasis placed on projects
 31 or programs that support job creation and job education and training opportunities.

32 (b) Disadvantaged communities and economically distressed areas may be, but need not
 33 be, considered mutually exclusive for purposes of this subsection.

34 (c) The commission shall consult with the Environmental Justice Task Force, other state
 35 agencies, local agencies and local officials in adopting by rule a methodology for designating
 36 disadvantaged communities for purposes of this subsection.

37 (3)(a) The grant program shall include the appointment of a grant committee. Members
 38 of the grant committee shall be appointed by the Governor. The grant committee may be
 39 composed of any number of individuals with qualifications that the Governor determines
 40 necessary. However, the Governor shall appoint at least one member from each congres-
 41 sional district in this state and shall include individuals with experience in administering
 42 state grant programs.

43 (b) The appointment of members of the grant committee is subject to confirmation by
 44 the Senate in the manner prescribed in ORS 171.562 and 171.565.

45 (c) Members of the grant committee are not entitled to compensation or reimbursement

1 for expenses and serve as volunteers on the grant committee.

2 (4) The commission shall determine the form and method of applying for grants from the
3 grant program, the eligibility requirements for grant applicants and general terms and con-
4 ditions of the grants.

5 (5) The rules adopted by the commission under this section shall provide that the grant
6 committee consult with the Climate Investments in Disadvantaged Communities Advisory
7 Committee created under section 14 of this 2017 Act in reviewing grant applications and
8 making determinations of funding based on a scoring system developed by the commission.
9 The scoring system shall give funding preference to projects and programs that:

10 (a) Maximize multiple benefits in this state, including but not limited to environmental,
11 social and economic benefits;

12 (b) Result in greenhouse gas emissions reductions that are cost effective or that are the
13 product of business and research development interests in this state;

14 (c) Constitute investments in, and facilitate the development of, clean energy
15 infrastructure and technologies in this state;

16 (d) Complement efforts to achieve and maintain federal and state air quality standards;

17 (e) Protect disadvantaged communities and economically distressed areas from economic
18 uncertainties associated with climate change or climate change policies; or

19 (f) Make use of domestically produced products to the maximum extent feasible.

20 (6) The grant program adopted under this section may:

21 (a) Require that a grant applicant provide matching funds for completion of the project
22 or program for which a grant is awarded; and

23 (b) Allow an applicant to appeal to the commission for reevaluation of any determination
24 of grant funding.

25 (7) If a construction project is funded in whole or in part by a grant awarded under the
26 grant program, the grant agreement shall require that the primary contractor participating
27 in the construction project:

28 (a) Must participate in an apprenticeship program registered with the State Apprentice-
29 ship and Training Council;

30 (b) May not be a contractor listed by the Commissioner of the Bureau of Labor and In-
31 dustries under ORS 279C.860 as ineligible to receive a contract or subcontract for public
32 works;

33 (c) Must demonstrate a history of compliance with the rules and other requirements of
34 the Construction Contractors Board and of the Workers' Compensation Division and the
35 Occupational Safety and Health Division of the Department of Consumer and Business Ser-
36 vices; and

37 (d) Must demonstrate a history of compliance with federal and state wage and hour laws.

38 (8) If a construction project is funded in whole or in part by a grant awarded under the
39 grant program, the Department of Environmental Quality may, on a project-by-project basis,
40 require the use of a high road agreement or a project labor agreement if the use of either
41 type of agreement would advance the public interest and be consistent with law.

42 (9) Subject to the rules adopted by the commission, and subject to reevaluation by the
43 commission on appeal, the grant committee has the responsibility to review grant applica-
44 tions and make funding determinations under the grant program adopted pursuant to this
45 section.

1 Act.

2 (3) Moneys in the fund may be used only for activities that further the purposes of
 3 sections 2 to 17 of this 2017 Act as stated in section 2 of this 2017 Act.

4 **SECTION 17.** (1) The Oregon Business Development Department shall adopt by rule a
 5 Just Transition Grant Program for the disbursement of moneys in the Just Transition Fund.
 6 In developing the grant program, the department shall consult with the advisory committee
 7 created under section 3 of this 2017 Act. The purpose of the grant program shall be to sup-
 8 port economic diversification, job creation, job training and other employment and mental
 9 health services for workers and communities in this state that are adversely affected by
 10 climate change or climate change policies.

11 (2) The grant program shall include the appointment of a grant committee. Members of
 12 the grant committee shall be appointed by the Governor, subject to confirmation by the
 13 Senate in the manner provided in ORS 171.562 and 171.565. The grant committee may be
 14 composed of any number of individuals with qualifications that the Governor determines
 15 necessary. However, the Governor shall include on the grant committee:

- 16 (a) Individuals who have experience in administering state grant programs;
- 17 (b) Individuals recommended by the Environmental Justice Task Force who have experi-
 18 ence in working to support environmental justice in disadvantaged communities;
- 19 (c) Representatives of labor organizations;
- 20 (d) Individuals with energy and climate policy expertise; and
- 21 (e) At least one individual from each congressional district in this state.

22 (3) Subject to the rules adopted by the department, and subject to reevaluation by the
 23 department on appeal, the grant committee has the responsibility to review grant applica-
 24 tions and make funding determinations under the grant program adopted pursuant to this
 25 section.

26 (4) Members of the grant committee are not entitled to compensation or reimbursement
 27 for expenses and serve as volunteers on the grant committee.

28 (5) The department shall determine the form and method of applying for grants from the
 29 grant program, the eligibility requirements for grant applicants and general terms and con-
 30 ditions of the grants.

31 (6) The grant program adopted under this section may:

- 32 (a) Require that a grant applicant provide matching funds for completion of the project
 33 or program for which a grant is awarded; and
- 34 (b) Allow an applicant to appeal to the department for reevaluation of any determination
 35 of grant funding.

36
 37 **CONFORMING AMENDMENT**

38
 39 **SECTION 18.** ORS 468A.020 is amended to read:

40 468A.020. (1) Except as provided in subsection (2) of this section, the air pollution laws con-
 41 tained in ORS chapters 468, 468A and 468B do not apply to:

- 42 (a) Agricultural operations, including but not limited to:
- 43 (A) Growing or harvesting crops;
- 44 (B) Raising fowl or animals;
- 45 (C) Clearing or grading agricultural land;

1 (D) Propagating and raising nursery stock;

2 (E) Propane flaming of mint stubble; and

3 (F) Stack or pile burning of residue from Christmas trees, as defined in ORS 571.505, during the
4 period beginning October 1 and ending May 31 of the following year.

5 (b) Equipment used in agricultural operations, except boilers used in connection with propagat-
6 ing and raising nursery stock.

7 (c) Barbecue equipment used in connection with any residence.

8 (d) Heating equipment in or used in connection with residences used exclusively as dwellings for
9 not more than four families, except solid fuel burning devices, as defined in ORS 468A.485, that are
10 subject to regulation under this section and ORS 468A.140 and 468A.460 to 468A.515.

11 (e) Fires set or permitted by any public agency when such fire is set or permitted in the per-
12 formance of its official duty for the purpose of weed abatement, prevention or elimination of a fire
13 hazard, or instruction of employees in the methods of fire fighting, which in the opinion of the
14 agency is necessary.

15 (f) Fires set pursuant to permit for the purpose of instruction of employees of private industrial
16 concerns in methods of fire fighting, or for civil defense instruction.

17 (2) Subsection (1) of this section does not apply to the extent:

18 (a) Otherwise provided in ORS 468A.555 to 468A.620, 468A.790, 468A.992, 476.380 and 478.960;

19 (b) Necessary to implement the federal Clean Air Act (P.L. 88-206 as amended) under ORS
20 468A.025, 468A.030, 468A.035, 468A.040, 468A.045 and 468A.300 to 468A.330; or

21 (c) Necessary for the Environmental Quality Commission, in the commission's discretion, to im-
22 plement a recommendation of the Task Force on Dairy Air Quality created under section 3, chapter
23 799, Oregon Laws 2007, for the regulation of dairy air contaminant emissions.

24 (3)(a) Except to the extent necessary to implement the federal Clean Air Act (P.L. 88-206 as
25 amended), *[the air pollution laws contained in]* ORS 468A.025, 468A.030, 468A.035, 468A.040, 468A.045
26 and 468A.300 to 468A.330 **and sections 2 to 17 of this 2017 Act** do not apply to carbon dioxide
27 emissions from the combustion or decomposition of biomass.

28 (b) As used in this subsection, "biomass" means:

29 (A) Nonfossilized and biodegradable organic materials that originate from plants, animals and
30 microorganisms and that are products, byproducts, residues or wastes from agriculture, forestry and
31 related industries;

32 (B) Nonfossilized and biodegradable organic fractions of industrial and municipal wastes; and

33 (C) Gases and liquids recovered from the decomposition of nonfossilized and biodegradable or-
34 ganic matter.

35
36 **OPERATIVE DATE**

37
38 **SECTION 19. (1) Sections 1 to 17 of this 2017 Act and the amendments to ORS 468A.020**
39 **by section 18 of this 2017 Act become operative January 1, 2021.**

40 **(2) The Environmental Quality Commission and the Oregon Business Development De-**
41 **partment may adopt rules or take any actions before the operative date specified in sub-**
42 **section (1) of this section that are necessary to carry out the provisions of sections 1 to 17**
43 **of this 2017 Act.**

44
45 **CAPTIONS**

