

Carbon Committee Feb. 8th

37:57 Senator Olsen begins question

Sen. Olsen: "Thank you for the report. When did you receive, because we just got, in fact HB 2020 is just out, the LC came out a couple weeks ago, when did you get all this data in order to be able to provide such an extensive report?"

David H. Romer: "We've been collecting data on Oregon for some time, and the basis of our model is all publicly available, whenever possible official data and sometimes we have to use third party data. But, we've assembled the data to calibrate this forecasting model over about a three-month period, but we were only given the primary characteristics of the policy, the ones most relevant to our scenarios from our consultation with the CPO with the carbon policy office. We haven't seen a copy of the draft legislation, we only saw the one that was made public a few days ago really, I think it was within... we didn't see it until last week. But to be honest with you most of the details of the legislation are not captured in our model, we were only looking at the structural characteristics, what are the objectives in terms of mitigation, what is being considered in terms of the allowance strategies in order to take account of the adjustment needs that are referred to, what are offsets, we put in 8% offsets as has been in discussion for a long time so we got the general characteristics, the structural characteristics I'll call them, in consultation with the CPO."

Sen. Olsen: "Thank you, and the reason I ask that question is that in your report her you came out with a GDP increase of 2.5%, in 2015 Oregon's GDP grew by 4.1% without Cap-and-Trade. So, are you saying that we will actually go down in GDP growth, predicated on this legislation?"

Mr. Romer: "I can tell you what the evidence is for Oregon, but I won't use one year as an example. Over the past 20 years Oregon has averaged a growth rate of 2.7%. This growth rate of 2.5% which we use was suggested to us by the chief economist of the department of finance and we said we need a long-term growth rate as a sort of status quo reference growth rate as our baseline and they said use 2.5%. So, this would be over that 2.5% in 2050 by about 2.5% so a little bit higher but I would love to see Oregon grow at any rate higher than that but as an economist I can't responsibly use one year's growth performance as a basis for forecasting."

40:57 End of response to follow up

Oregon's GDP has grown an average of 4.42% over the last 5 years.
<https://www.deptofnumbers.com/gdp/oregon/>