

SB 1530 Amendment Changes to LC 19

Geographic Phase-In: We've responded to concerns about the methodology in SB 1530 being too difficult to implement and regulate, and have modified and simplified it in the following ways:

- It continues to be the case that only the Portland Metro area will be included in 2022.
- In 2025 all counties west of the Cascades added (Columbia, Hood River, Tillamook, Lincoln, Yamhill, Polk Marion, Benton, Linn, Coos, Douglas, Curry, Josephine, and Jackson) as well as the cities of Bend and Klamath Falls and remaining non-metro areas of Multnomah, Clackamas, and Washington Counties. This will cover 87.5% of the state's transportation emissions.
- Additional counties can opt in. Once 20 counties are in the program, it will be extended statewide.
- 80% of revenues from transportation will go directly to counties or metropolitan areas that are in the program for emissions-reduction and climate-adaptation projects in their areas. 20% to ODOT for emissions-reduction and climate-adaptation projects around the state.
- Counties must develop climate-investment plans (with approval by DLCD or by the Greenhouse Gas Reduction Board) and will have access to planning funds to do that. Local dollars can only be spent on projects consistent with their approved plans.
- The Board will study further expansion and report back to the Legislature.

Gasoline/Diesel Credits and Refunds: SB 1051 from 2019 will be reintroduced in a separate bill to provide tax credits for low- to moderate-income households in areas covered in the transportation geographic phase-in. It again also includes refunds for agriculture and forestry businesses for off-road operations.

Governance Board: We have made changes to the program's rule-making board, the Oregon Greenhouse Gas Reduction Board:

- The 7-person voting members appointed by Governor (confirmed by Senate) no longer need to come from specific interest areas.
- The only exception is that one must represent impacted communities.
- All must have general expertise in energy and climate issues.
- None can have a pecuniary interest in a business that would be directly impacted by this program.
- Nearly all the agency heads who were identified as ex-officio (non-voting) members of the Board in LC 19 have been removed, but two representatives of impacted communities added.

- The tribal ex-officio member will be selected by the Legislative Commission on Indian Services (LCIS). All other ex-officio members appointed by Governor.

Budget/Investment Decisions: Amendments now make it clear that the appointed Board's budget decisions are advisory only. State allocations will still need to go through the normal Ways and Means process via the Governor's Proposed Budget and then receive approval from elected legislators.

Reports and Audits:

- Clarifies that all economic modeling and reports will include both benefits and costs
- In addition to regular performance reports to the Legislature, the program will have a full performance audit after the first compliance period (i.e., after three years) and then every five years.

Impacted Communities: The role of Impacted Communities and Environmental Justice Communities has been clarified and strengthened in several ways:

- Representatives of impacted communities have been added to the Board (see above).
- Board investment plans must be reviewed by the Environmental Justice Task Force, tribes, and the Oregon Climate Change Research Institute before being finalized.
- Local governments must engage with impacted communities in developing projects funded by program revenues (similar to the process in the Student Success Act).

Just Transition: The Just Transition (Training/Retraining for Family-Wage Jobs in Clean Energy) program and fund has been restored, with a specified level of funding from the Climate Investments Fund (10% of Climate Investments Fund up to \$10 million a year).

Propane Users:

- The Board will develop a program to provide weatherization, bill assistance, and other benefits to those who use propane for home heating.
- The program is intended both to reduce emissions from home heating and lower bills for propane users.

Manufacturers:

- Industrial bakeries have been added to the list of food processors considered to be trade-exposed.
- The amendments clarify that trade-exposed manufacturers will receive non-volumetric bill credits to mitigate any rate increases, dependent on their efforts to become more energy efficient.

- Manufacturers may have access to low-interest revolving loans through Business Oregon (as opposed to the grants in LC 19) for help with energy-efficiency investments with longer payoff periods. Loan fund initially capitalized at \$10 million.

Fire Prevention Fund: We've made it clear that funds can only be used for fire prevention and support to communities in wildfire zones, not for firefighting.

Offsets Protocols: The language in LC 19 related to forest offset protocols has been improved to make sure that we have adequate supply of wood for our mills, but now without the potential risk of jeopardizing the viability of individual forest offset projects.

Procurement Standards: Manufactured wood products have been added to "Buy America" preference provisions.

Investments in Alternative Transportation: Clarifies that investments in alternative transportation fuels can be for renewable natural gas and hydrogen, but not for fossil natural gas.

Expedited Review: The language related to expedited appeal to the Oregon Supreme Court of the constitutionality of transportation investments has been tightened up to clarify that it only applies to the use of transportation revenues coming from this program, not to other revenues related to the Highway Trust Fund. Addresses concerns that the Court might use the review process to make broader changes to the Highway Trust Fund.

Various Technical Fixes: The omnibus amendments also include a number of very technical fixes to the language in LC 19, based on input from stakeholders and agencies.