February 13, 2020

Senator Mark Hass, Chair
Senate Committee on Finance and Revenue
Oregon State Capitol
Salem, OR 97301

Re: SB 1578

Chair Hass and Members of the Committee,

Our organizations write to express our concerns about SB 1578. Climate Solutions is a regional non-profit working to accelerate clean energy solutions to the climate crisis. Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization.

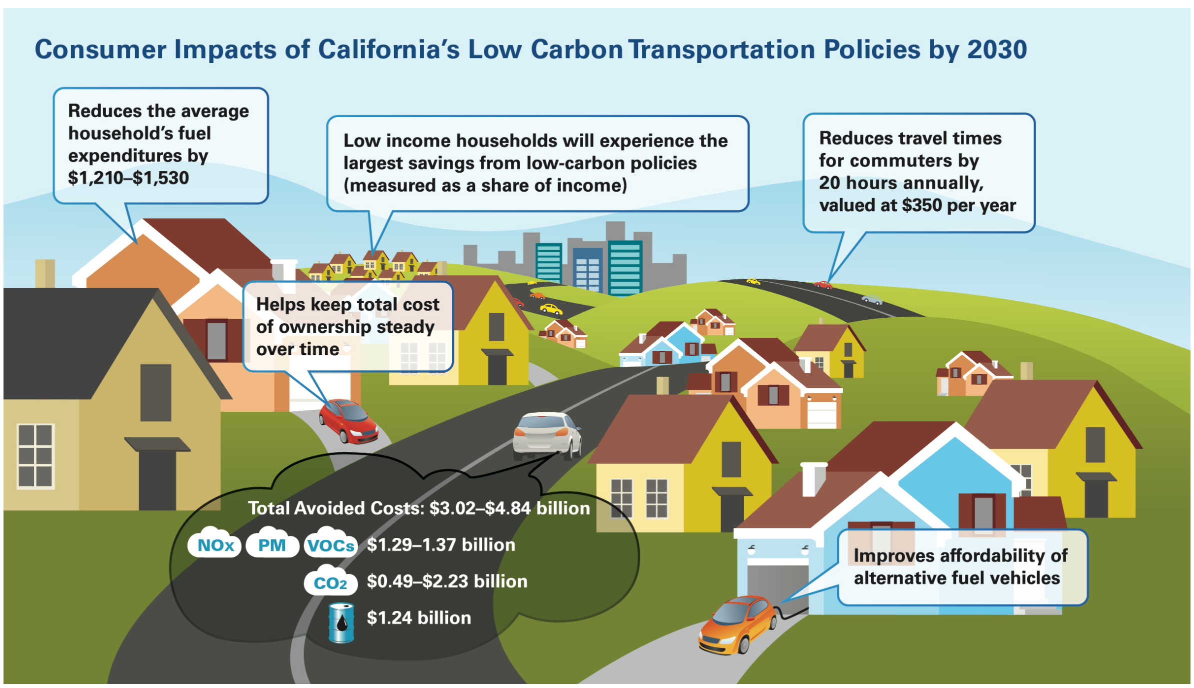
Despite Oregon's significant strides to address climate change, we continue to see transportation emissions rising. Many solutions will be required to transition off fossil-based fuels and achieve needed decarbonization in this sector. SB 1530 is intended to create a framework to achieve our statewide greenhouse gas targets over time, including in the thorny transportation sector.

We appreciate the attention to low-income Oregonians intended in this proposal. We firmly believe that cap-and-invest programs can improve the quality of life for all Oregonians and have fought for an allocation for "impacted communities"— those individuals and communities that have the fewest resources to adapt to climate impacts or adopt new clean economy technologies. It is important the program creates shared benefits for these communities. Unfortunately, we do not believe the "climate kicker" created by SB 1578 represents a solution-focused approach to using transportation-focused climate dollars if the goal is to reduce the transportation cost burden borne by low income families and also reduce greenhouse gases.

By 2025, SB 1578 is estimated to redirect hundreds of millions of dollars per biennium from the cap & invest program's transportation decarbonization fund and climate investment fund in order to give rebates to low income drivers and refund off-road diesel users including agriculture and logging operations. We believe there are better uses of those funds to both protect low income Oregonians and reduce greenhouse gases, meeting the purposes of the program. Rather than rebating a small amount of money back to individuals each year, those climate funds raised from oil companies' compliance should be invested in transformational and cost-saving solutions like: expanded, affordable, and clean public transit service, providing people with more transportation options, increasing Charge Ahead EV incentives and EV infrastructure in underserved areas, creating cash for clunkers programs, enabling electrification of medium- and heavy-duty vehicles, and building affordable housing near workplaces and transit centers. Additionally, EVs and medium- and heavy-duty electrification also improve air quality, particularly for low-income and historically marginalized communities who disproportionately live along major transportation corridors in our state.

Indeed, lower-income families have benefited from similar climate programs in other states. A 2016 ICF study commissioned by Consumers Union found that climate-smart transportation policies in California result in household savings,[1] including:

- **California's low carbon transportation policies (including cap & trade) reduce the average household's fuel expenditures by $1,210–$1,530 per year by 2030.** This net savings estimate includes compliance costs with California's low carbon transportation policies, as well as the improved efficiency of vehicles and lower vehicles miles traveled that result from these policies. Those savings are likely underestimated as they don't factor in the benefits from Cap-and-Trade funded programs that also reduce transportation and home energy bills.
- **Low income households experienced the largest savings from the policies** (measured as a share of income).
- **ICF estimates avoided damage costs in the range of $3.0–4.8 billion annually by 2030** as a result of California's climate-smart transportation policies. Those avoided damage costs are attributable to reduced criteria pollutant emissions, reduced greenhouse gas emissions, and reduced petroleum consumption.



Additionally, the concept of offering volumetric refunds for diesel used in off-road agricultural and logging equipment is fraught. Redirecting climate dollars from the SB 1530 climate investment fund (which pays for wildfire mitigation, natural and working lands programs, tribal investments, and local greenhouse gas reduction) to pay for diesel use on a volumetric basis does not create any incentive to reduce fossil fuels or greenhouse gases. Investment funds could be used to improve equipment efficiency, cut climate and air emissions, and provide benefits for rural communities.

[1] ICF International. "Consumer Impacts of California's Low-Carbon Transportation Policies." March 2016. https://advocacy.consumerreports.org/research/lctreport/.

With the escalating climate crisis, Oregon cannot wait any longer to make substantial investments in cleaner ways of getting around. Investments in transit, transportation options, electric vehicle infrastructure and incentives will enable more Oregonians to get around in ways that are more economic and less polluting, and achieve our climate goals.

Thank you for your consideration of these comments.

Sincerely,

Meredith Connolly
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Climate Solutions

Jana Gastellum
Deputy Director
Oregon Environmental Council