

FISCAL IMPACT OF PROPOSED LEGISLATION

81st Oregon Legislative Assembly – 2022 Regular Session
Legislative Fiscal Office

Measure: SB 1534 - 2

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Haylee Morse-Miller
Reviewed by: Kim To, Zane Potter, Matt Stayner, John Terpening, Amanda Beitel
Date: February 6, 2022

Measure Description:

Establishes state policy to increase carbon sequestration in natural and working lands and waters.

Government Unit(s) Affected:

Cities, Department of Land Conservation and Development (DLCD), Department of Environmental Quality (DEQ), Columbia River Gorge Commission (CRGC), Department of State Lands (DSL), Confederated Tribes of Siletz, Oregon Parks and Recreation Department (OPRD), Confederated Tribes of Warm Springs and Coquille Indian Tribe, Counties, Oregon Watershed Enhancement Board (OWEB), Public Universities, Confederated Tribes of Grand Ronde, Oregon Department of Agriculture (ODA), Department of Forestry (ODF), Department of Energy (DOE), Water Resources Department (WRD)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

SB 1534 - 2 states that it is the policy of the state to increase net carbon sequestration, including the storage in, and resilience of, the natural and working lands of the state. This includes investment in research to improve understanding of contributions of natural and working lands and the products they produce in reducing greenhouse gas emissions; encouraging state agencies, when implementing strategies to advance carbon sequestration, to consider a variety of benefits, stakeholder interests, and incentives for net carbon sequestration and storage; and encouraging state agencies to use metrics to track progress in implementing strategies to increase net carbon sequestration and storage in natural and working lands. The Oregon Department of Forestry (ODF), Department of Agriculture (ODA), Oregon Watershed Enhancement Board (OWEB), and the Department of Land Conservation and Development (DLCD) are to monitor their progress in advancing these policies, and to report their findings to the Oregon Global Warming Commission no later than August 1 of each even-numbered year, starting in 2024.

This measure further instructs the Oregon Global Warming Commission to appoint a 14-member natural and working lands advisory committee to advise the commission on the performance of their duties related to natural and working lands. The advisory committee is to be staffed by the Institute for Natural Resources at Oregon State University; the Institute may contract with a third party to provide staff support. The Institute for Natural Resources is also directed to coordinate with the Oregon Department of Energy (ODOE) and the Oregon Global Warming Commission to develop a natural and working lands net carbon sequestration and storage inventory. ODOE is to update the inventory and report to the Oregon Global Warming Commission on the inventory no later than August 1 of each even-numbered year, with the first report due no later than April 30, 2024.

The Institute is also directed to develop recommendations for a net carbon sequestration and storage baseline for natural and working lands; for activity-based metrics to evaluate progress towards increasing net carbon sequestration and storage in, and resilience of, natural and working lands; and for community impact metrics to evaluate the positive and negative effects of net carbon sequestration and storage on certain populations. The Institute may contract with a third part to assist in developing these recommendations. The Oregon Global Warming Commission is to review these recommendations and submit a final report with recommendations for

legislation to the interim committees of the Legislative Assembly related to the environment no later than September 15, 2023.

The Institute is finally directed to study, in coordination with the Oregon Global Warming Commission, the workforce and economic development potential of strategies to increase net carbon sequestration and storage in natural and working lands. The Institute may contract with a third party to assist with this study. A report is to be provided to the committees of the Legislative Assembly related to the environment no later than April 15, 2023.

The measure additionally changes existing Legislative reporting requirements for the Oregon Global Warming Commission.

This measure takes effect on the 91st day after the Legislative Assembly adjourns sine die.

There is a known budgetary impact from this measure of \$853,280 General Fund in the 2021-23 biennium and \$435,081 General Fund in the 2023-25 biennium. Additionally, because the Institute for Natural Resources has not yet fully developed plans for how they will develop the studies and recommendations that the Institute is asked to create under this measure, there is an additional indeterminate impact. Until the plans are developed, it is not clear what role state agencies will be asked to play in gathering data and contributing to the work required under this measure. It is also not clear how onerous the reporting requirements might be for some agencies under this measure, so there could be additional costs relating to this measure.

Public Universities

The Oregon State University (OSU) Institute of Natural Resources anticipates costs of approximately \$568,950 General Fund in the 2021-23 biennium, and \$13,000 General Fund in the 2023-25 biennium. This includes \$408,700 for staffing the natural and working lands advisory committee, coordinating with state agencies, developing metrics, and developing a natural and working lands net carbon sequestration and storage inventory. The Institute would also have costs of \$160,250 for travel and contracting for the workforce and economic development study. There would be minimal ongoing costs, estimated at \$13,000 General Fund in the 2023-25 biennium, to continue staffing the advisory committee.

Department of Energy

The Oregon Department of Energy anticipates hiring one permanent, full-time Research Analyst 4 (0.63 FTE in 2021-23, 1.00 FTE in 2023-25) to identify potential data sets, collect input, and synthesize and compile multiple data sets to inform the inventory; serve as subject matter expert on the technical development of the inventory; work on ODOE's report for the Oregon Global Warming Commission and the Legislature; and to work with the Oregon Global Warming Commission to finalize metrics following the report from the Institute for Natural Resources. Total costs of this position are estimated at \$140,467 General Fund in the 2021-23 biennium, and \$219,047 in the 2023-25 biennium.

Oregon Department of Agriculture

The Oregon Department of Agriculture (ODA) estimates total costs of \$143,863 General Fund in the 2021-23 biennium, and \$203,034 General Fund in the 2023-25 biennium. The agency assumes that biennial reporting for efforts to implement strategies to advance carbon sequestration and storage in natural and working lands will create an ongoing biennial cost of \$50,000 General Fund. Additionally, ODA would hire one Limited duration Operations and Policy Analyst 3 (0.50 FTE in 2021-23, 0.54 FTE in 2023-25) to assist with consultation as required under this measure, and to communicate with the agricultural industry and landowners regarding this measure.

Other entities

There is no or a minimal fiscal impact for Cities, Department of Land Conservation and Development, Department of Environmental Quality, Water Resources Department, and Oregon Watershed Enhancement Board.

The Oregon Parks and Recreation Department, Department of State Lands, and Department of Forestry would potentially have a minimal impact but would likely have to comply with any carbon sequestration policies, or related inventory and monitoring, for all lands owned by these agencies. The fiscal impact of this work is indeterminate.

There is an indeterminate impact for counties. The Association of Oregon Counties report that depending on specific actions that counties must take in order to comply with the stated policy of the state, passage of this bill could potentially have significant impact. At this time, the specific actions cannot be predicted.

The Legislative Fiscal Office (LFO) requested but has not yet received a fiscal impact statement from the Columbia River Gorge Commission. If a fiscal is received from the Commission, LFO may need to issue a revised fiscal impact statement.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its budgetary impact.