

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 3579 - 3

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Requires Oregon Department of Administrative Services to adopt rules to govern procurements of clean energy technology.

Government Unit(s) Affected:

Department of Administrative Services, Department of Energy, Department of Revenue, Department of Transportation, Task Force/Committee/Workgroup, Bureau of Labor and Industries, Oregon Business Development Department, Higher Education Coordinating Commission

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

| | 2023-25 Biennium | 2025-27 Biennium |
|---|---------------------|---------------------|
| Oregon Business Development Department | | |
| General Fund | | |
| Special Payments | \$10,000,000 | |
| Total General Fund | \$10,000,000 | \$0 |
| Other Funds* | | |
| Personal Services | \$250,483 | \$287,999 |
| Services and Supplies | \$23,235 | \$16,900 |
| Special Payments | | \$9,421,383 |
| Total Other Funds | \$273,718 | \$9,726,282 |
| Total Funds | \$10,273,718 | \$9,726,282 |
| Positions | 2 | 2 |
| FTE | 1.09 | 1.25 |
| Department of Administrative Services | | |
| Other Funds | | |
| Personal Services | \$203,604 | \$283,078 |
| Services and Supplies | \$11,684 | \$16,232 |
| Total Other Funds | \$215,288 | \$299,310 |
| Total Funds | \$215,288 | \$299,310 |
| Positions | 1 | 1 |
| FTE | 0.75 | 1.00 |
| Total General Fund | \$10,000,000 | \$0 |
| Total Other Funds | \$489,006 | \$10,025,592 |
| Total Fiscal Impact | \$10,489,006 | \$10,025,592 |
| Total Positions | 3 | 3 |
| Total FTE | 1.84 | 2.25 |

**Represents General Fund expended as Other Funds*

Analysis:

HB 3579 - 1 requires the Department of Administrative Services (DAS) to adopt rules to govern procurements of clean energy technology that DAS conducts on behalf of state agencies, including allowing contractors to submit an employment plan. The measure permits DAS to enter into cooperative procurements or intergovernmental agreements for procurement of clean energy technology.

The measure also establishes the Task Force on Establishing, Attracting and Sustaining Manufacturing of Clean Energy Technology, which is to be staffed by DAS and provide a report to an interim committee of the Legislative Assembly related to energy technology by September 15, 2024; and sunsets December 31, 2032. The task force is to identify, evaluate and recommend policies or other methods to foster, attract, and sustain clean energy technology manufacturing firms and operations in Oregon, while maximizing certain other benefits; and to consider incentives from the federal Inflation Reduction Act, as well as other methods such as rebates, tax credits, etc., to promote clean technology manufacturing. The task force may cooperate with task forces in other states to form a regional strategy to attract manufacturing, and may provide recommendations for establishing an eligible nonprofit to receive and administer federal moneys and to use a range of financial tools and technical assistance to support projects that reduce greenhouse gas emissions and other forms of air pollution.

The measure finally establishes the Oregon Clean Technology Manufacturing Opportunity Fund, with moneys in the fund continuously appropriated to the Oregon Business Development Department (OBDD) to foster, attract, and sustain clean energy technology industry and jobs. OBDD is to seek contributions to the fund, including moneys from the federal Greenhouse Gas Reduction Fund. OBDD may make grants or provide moneys, including low-interest loans, to a certified community development financial institution with a mission statement to promote clean technology manufacturing, and may direct the certified community development financial institution to allocate the moneys to one or more entities organized as nonprofit corporations that have a mission statement to promote clean technology manufacturing. The measure appropriates \$10 million General Fund to OBDD for deposit in the fund. All financial incentives from the Oregon Clean Technology Manufacturing Opportunity Fund, including low-interest loans or grants, must be used to promote the employment plan that DAS has conducted rulemaking on, or if part of an intergovernmental agreement, must be used as disclosure and evaluation criteria in which the prospective contractor or supplier seeking funds must demonstrate how they will create and retain high-skilled manufacturing jobs and invest in workers.

The measure takes effect on the 91st day after the legislature adjourns sine die.

Oregon Business Development Department

To implement this measure, OBDD would hire two permanent positions, including one full-time Operations and Policy Analyst 4 (0.88 FTE in 2023-25 and 1.00 FTE in 2025-27) to work with the task force, develop the processes for distribution of funds from the Oregon Clean Technology Manufacturing Opportunity Fund, and evaluate funding applications and projects; and one Administrative Specialist 1 (0.21 FTE in 2023-25 and 0.25 FTE in 2025-27) to support the task force and distribution of funds. OBDD will also utilize existing staff from accounting and procurement for program support, which are not included in these calculations. Administrative costs total \$273,718 Other Funds in the 2023-25 biennium and \$312,604 Other Funds in the 2025-27 biennium, which includes personal services, position-related services and supplies, and legal services expenditures. Other Funds are derived from the \$10 million appropriated by this measure, which will be expended as Other Funds after deposit in the Oregon Clean Technology Manufacturing Opportunity Fund.

OBDD will need Other Funds expenditure limitation to disburse moneys from the Oregon Clean Technology Manufacturing Opportunity Fund to clean energy manufacturing entities, but the total amount of expenditure limitation required is indeterminate at this time, and the agency may need to return to the Legislative Emergency Board or a future legislative session to request limitation once the agency is ready to begin distribution of funds. A placeholder of \$9.4 million is included in the special payments section for the 2025-27 biennium in the table above.

Department of Administrative Services

To provide support to the task force, DAS would hire one permanent, full-time Operations and Policy Analyst 4 (0.75 FTE in 2023-25, 1.00 FTE in 2025-27). This position would also support DAS rulemaking and work around procurements of clean energy technology. Total costs of this position are estimated at \$215,288 Other Funds in the 2023-25 biennium, and \$299,310 Other Funds in the 2025-27 biennium, including position-related services and supplies. Other Funds are derived from the DAS assessment on state agencies, and some of these funds are derived from the General Fund.

Other agencies

There is minimal fiscal impact for the Bureau of Labor and Industries, Department of Administrative Services, Department of Transportation, and Department of Energy; and no impact for Department of Revenue and Higher Education Coordinating Commission.