

## HB 3579 -1, -3 STAFF MEASURE SUMMARY

### House Committee On Climate, Energy, and Environment

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**Prepared By:** Erin Pischke, LPRO Analyst

**Meeting Dates:** 3/29, 4/3

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#### WHAT THE MEASURE DOES:

Defines “clean energy technology.” Requires Oregon Department of Administrative Services (DAS) to adopt rules to govern procurements of clean energy technology. Directs DAS to cooperate with state agencies with expertise in energy production and conservation and in reducing or mitigating environmental impacts. Specifies required contents of rules. Permits DAS to enter into cooperative procurements and intergovernmental agreements under which the department procures clean energy technology in combination with other governmental bodies within this state, the State of Washington and the Province of British Columbia, Canada, as a market incentive for clean energy technology manufacturers and suppliers to create and retain high-skilled manufacturing jobs. Directs other state agencies to cooperate with DAS in adopting and implementing rules. Establishes Task Force on Attracting and Supporting Regional Manufacturing of Clean Energy Technology (task force). Specifies task force membership and requires task force to study and recommend methods to attract and foster manufacturing firms and operations to this state, with emphasis on using public procurements of clean energy technology to create market and to give incentives to prospective contractors to create and retain high-skill jobs. Requires task force report to be submitted to an interim committee of the Legislative Assembly related to energy technology no later than September 15, 2024. Requires DAS to provide staff support to task force. Repeals task force and reporting requirements on December 31, 2024. Creates income and corporate excise tax credit for advanced manufacturing production, calculated as percentage of corresponding federal income tax credit. Requires Oregon Department of Energy (ODOE) to adopt rules for including policies and procedures for verifying taxpayer eligibility for the tax credit. Requires ODOE to provide information to the Department of Revenue about all taxpayers that are eligible for a tax credit, if required. Applies to tax years beginning on or after January 1, 2024, and before January 1, 2030. Takes effect on 91st day following adjournment sine die.

#### ISSUES DISCUSSED:

- Potential benefits of Oregon-based manufacturing
- Potential federal investment opportunities
- Supply chain constraints

#### EFFECT OF AMENDMENT:

-1 Replaces the measure. Defines terms. Modifies required contents of rules. Modifies name of task force. Modifies task force membership and requirements. Modifies repeal date task force and reporting requirements on December 31, 2024. Removes creation of income and corporate excise tax credit for advanced manufacturing production and Oregon Department of Energy’s (ODOE) related rulemaking. Establishes the Oregon Clean Technology Manufacturing Opportunity Fund (Fund) in the State Treasury, separate and distinct from the General Fund, with moneys in the Fund continuously appropriated to Oregon Business Development Department (OBDD). Establishes guidelines and requirements of moneys in Fund. Authorizes OBDD to make certain expenditures from the Fund. Directs OBDD to prioritize certain eligible entities or projects. Authorizes OBDD to make grants or provide moneys including low-interest loans to certain entities. Appropriates \$10 million to OBDD for deposit in the Fund.

-3 Defines terms. Requires Oregon Department of Administrative Services (DAS) to adopt rules to govern procurements of clean energy technology. Directs DAS to cooperate with state agencies with expertise in energy

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production and conservation and in reducing or mitigating environmental impacts. Specifies required contents of rules. Permits DAS to enter into cooperative procurements and intergovernmental agreements under which the department procures clean energy technology in combination with other governmental bodies within this state, the State of Washington and the Province of British Columbia, Canada, as a market incentive for clean energy technology manufacturers and suppliers to create and retain high-skilled manufacturing jobs. Directs other state agencies to cooperate with DAS in adopting and implementing rules. Establishes Task Force on Establishing, Attracting and Sustaining Manufacturing of Clean Energy Technology (task force). Specifies task force membership and requires task force to identify, evaluate, and recommend methods to, foster, attract, and sustain manufacturing firms and operations to this state, with an emphasis on certain practices. Requires task force report to be submitted to an interim committee of the Legislative Assembly related to energy technology no later than September 15, 2024. Requires DAS to provide staff support to task force. Repeals task force and reporting requirements on December 31, 2032. Establishes the Oregon Clean Technology Manufacturing Opportunity Fund (Fund) in the State Treasury, separate and distinct from the General Fund, with moneys in the Fund continuously appropriated to Oregon Business Development Department (OBDD). Establishes guidelines and requirements of moneys in Fund. Authorizes OBDD to make certain expenditures from the Fund. Directs OBDD to prioritize certain eligible entities or projects with a specific focus and priority on supporting heat pump manufacturing in this state. Authorizes OBDD to 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 direct it to allocate the moneys to certain entities. Appropriates \$10 million to OBDD for deposit in the Fund. Takes effect on 91st day following adjournment sine die.

- *FISCAL: Fiscal impact statement issued*
- *REVENUE: No revenue impact*

*Subsequent referral to Joint Committee on Ways and Means*

### **BACKGROUND:**

Public contracting is governed by the Public Contracting Code (Code) and governs contracting activities (ORS chapter 279A), the procurement of goods and services (ORS chapter 279B), and the procurement of construction and related services (ORS chapter 279C). The Code applies to public bodies authorized to conduct procurements, including state governments, local governments, and special governments. Several government entities are exempt from the Code, including the judicial and legislative department. Generally, a contracting agency awards contracts to the lowest bidder or best proposer. However, the Code contains provisions allowing contracting agencies to give preference in certain circumstances. Currently, a contracting agency may grant preference in the procurement of goods or services, for a public use, that are fabricated, processed, or have services performed in Oregon, when the cost is not more than ten percent greater than the out-of-state goods.

The state has used its procurement preferences to promote certain activities or outcomes. For example, in 2019, Senate Bill 1044 established goals to promote zero-emission vehicles and set procurement requirements for state agencies to purchase or lease zero-emission vehicles for fleets.

House Bill 3579 would require the Oregon Department of Administrative Services to adopt rules to govern procurements of clean energy technology and establish a Task Force on Establishing, Attracting, and Supporting Regional Manufacturing of Clean Energy Technology.