

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 522 - A**

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:

Changes name of “Oregon Global Warming Commission” to “Oregon Climate Action Commission.” Modifies membership and duties of commission. Establishes state aspiration of achieving greenhouse gas levels below specified thresholds.

Government Unit(s) Affected:

Department of Administrative Services, Department of Agriculture, Department of Consumer and Business Services, Department of Energy, Department of Environmental Quality, Department of Fish and Wildlife, Department of Forestry, Department of Land Conservation and Development, Department of State Lands, Higher Education Coordinating Commission, Housing and Community Services Department, Oregon Business Development Department, Oregon Health Authority, Oregon Watershed Enhancement Board, Public Utility Commission, Water Resources Department

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 Department of Energy | | |
| General Fund | | |
| Personal Services | \$338,176 | \$251,639 |
| Services and Supplies | \$437,659 | \$380,796 |
| Total General Fund | \$775,835 | \$632,435 |
| Total Fiscal Impact | \$775,835 | \$632,435 |
| <i>Total Positions</i> | 2 | 1 |
| <i>Total FTE</i> | 1.50 | 1.00 |

Analysis:

SB 522 - A updates state greenhouse gas emissions aspirations to 45% below 1990 levels by 2030; 70% below 1990 levels by 2040; and 95% below 1990 levels by 2050. The measure also states that it is state aspiration to achieve net zero emissions by 2050 and to maintain net negative emissions after. The measure changes the name of the Oregon Global Warming Commission to the Oregon Climate Action Commission and increases membership from 25 to 35.

The duties of the Oregon Climate Action Commission are modified to remove examination of the greenhouse gas cap and trade system; and to include tracking and evaluation of the net zero emissions goals and the net negative emissions goals; and carbon sequestration of Oregon’s natural and working lands, and not just forests. The Commission is to prepare a detailed forecast of expected greenhouse gas emissions reductions. The Commission is to complete an evaluation of the greenhouse gas emissions reduction goals, the net zero emissions goals, and the net negative emissions goals and provide any recommendations to the Legislative Assembly no later than 18

months after the date on which the United Nations Intergovernmental Panel on Climate Change publishes a synthesis report or the United States Global Change Research Program publishes a national climate assessment.

The Department of Environmental Quality (DEQ), in consultation with the Oregon Climate Action Commission, is to evaluate opportunities to reduce Oregon's consumption-based greenhouse gas emissions. DEQ is to present its findings in a report to the interim committees of the Legislative Assembly related to the environment, and the commission, no later than September 15, 2024. The report must update Oregon's consumption-based greenhouse gas emissions inventory; identify opportunities to reduce consumption-based greenhouse gas emissions through materials management or other state programs or policies; include recommendations for regularly updating the consumption-based greenhouse gas emissions inventory; and evaluate the effects of consumption-based greenhouse gas emissions reductions, taking into account economic, social and environmental factors. The measure takes effect on January 1, 2024.

The Oregon Department of Energy (ODOE) anticipates a fiscal impact totaling \$775,835 General Fund in the 2023-25 biennium and \$632,435 General Fund in the 2025-27 biennium, which includes two new full-time positions (each 0.75 FTE in 2023-25 and one 1.00 FTE in 2025-27).

ODOE provides staff support to the Oregon Global Warming Commission. The measure mandates that state agencies are to regularly report to the commission on efforts to make progress toward greenhouse gas emissions reduction goals and to prepare for the effects of global warming, though it does not specify the frequency or content of these report. However, ODOE notes that existing staff assigned to support the Commission are insufficient to support the volume of work the Commission now has, and anticipates that this reporting requirement, in conjunction with the expanded Commission membership, would increase the need for staff support. The agency anticipates hiring one permanent, full-time Operations and Policy Analyst 4 to staff the commission, provide policy analysis and reporting, and work with state and local entities engaging in climate activities. The agency would also hire one limited duration, full-time Research Analyst 3 to assess greenhouse gas emissions and track progress toward goals.

In addition to the costs of the positions, ODOE would contract for emissions modeling to prepare a forecast of expected greenhouse gas emission reductions. This is anticipated to total \$250,000 General Fund each biennium.

The agency's services and supplies costs also include indirect costs equivalent to 49.73% of personal services costs. This rate is negotiated biennially with federal partner agencies and costs included here reflect the indirect rate for the 2021-23 biennium, not the rate for the 2023-25 biennium. Costs of this measure could change based on the agency's actual indirect rate for next biennium.

The bill provides certain requirements as to when ODOE must evaluate the net zero emissions goals and the net negative emissions goals. ODOE may need additional resources to perform this evaluation work as required. The next reporting period is assumed to be four years from now, which is outside of the scope of this fiscal impact statement.

There is no or minimal fiscal impact for Department of Administrative Services, Department of Agriculture, Department of Consumer and Business Services, Department of Environmental Quality, Department of Fish and Wildlife, Department of Forestry, Department of Land Conservation and Development, Department of State Lands, Higher Education Coordinating Commission, Housing and Community Services Department, Oregon Business Development Department, Oregon Health Authority, Oregon Watershed Enhancement Board, Public Utility Commission, and Water Resources Department.

This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration its impact on the state's General Fund.