

HB 4112 A STAFF MEASURE SUMMARY

House Committee On Climate, Energy, and Environment

Action Date: 02/19/24

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)

Vote: 7-3-0-0

Yeas: 7 - Andersen, Gamba, Helm, Levy E, Marsh, Owens, Pham K

Nays: 3 - Levy B, Osborne, Wallan

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

Prepared By: Erin Pischke, LPRO Analyst

Meeting Dates: 2/12, 2/14, 2/19

WHAT THE MEASURE DOES:

The measure requires the Oregon Department of Administrative Services (DAS) to adopt rules to govern procurements from clean energy technology manufacturing companies that DAS conducts on behalf of state agencies. It establishes and appropriates \$20 million to the Oregon Clean Energy Technology Manufacturing Opportunity Fund (Fund). The Act directs the Oregon Business Development Department (OBDD) to develop a program to award grants, make low-interest loans, and make other expenditures from the Fund. The measure also requires the Governor to establish a Clean Energy Technology Leadership Advisory Council.

Detailed Summary:

Makes legislative findings. Defines terms.

Department of Administrative Services Clean Energy Technology Procurement

Requires the Oregon Department of Administrative Services (DAS) to adopt rules to govern procurements from clean energy technology manufacturing companies that DAS conducts on behalf of state agencies. 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 DAS conducts procurements in combination with other governmental bodies within this or another state as a market incentive for clean energy technology manufacturing companies to create and retain high-skilled manufacturing jobs. Directs other state agencies to cooperate with DAS in adopting and implementing rules.

Oregon Clean Technology Manufacturing Opportunity Fund

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 the Oregon Business Development Department (OBDD). Establishes guidelines and requirements of moneys in Fund. Directs OBDD to develop a program to award grants, make low-interest loans, and make other expenditures from moneys in the Fund to clean energy technology manufacturing companies or an organization with demonstrated experience in impact lending for the purpose of attracting, expanding, and sustaining within this state early-, mid-, and late-stage clean energy technology manufacturing companies; fostering quality job creation in clean energy technology manufacturing companies that manufacture products or support a supply chain; and supporting clean energy technology manufacturing companies in this state by funding certain activities. Authorizes OBDD to disburse moneys as a single payment or in multiple payments and may place conditions for receiving the moneys in loan or grant agreements with recipients when making grants or loans. Requires OBDD to prioritize approval of

HB 4112 A STAFF MEASURE SUMMARY

grants or loans to clean energy technology manufacturing companies and expenditures for certain projects, with additional preferences for clean energy technology manufacturing companies and projects that meet certain criteria. Removes employee retraining for living-wage jobs as a supported grant activity. Allows OBDD to conduct rulemaking for grant-related activities and duties. Appropriates \$20 million to OBDD for deposit in the Fund.

Clean Energy Technology Leadership Advisory Council

Requires the Governor to establish a Clean Energy Technology Leadership Advisory Council (Council) within the office of the Governor consisting of the Governor or the Governor's designee and 14 additional members from various state agencies or with specific expertise whom the Governor appoints with the aim of representing the demographic graphic diversity of this state and providing the Council with experience in areas of concern to the Council. Adds as members of the Council two members who represent academic institutions in this state, the first of which must represent a public university and the second of which must represent a community college. Authorizes OBDD, in determining recipients for grants and loans and setting priorities, to consult and seek the advice of the Council, independent experts and stakeholders, and other jurisdictions that have established similar incentive programs. Requires OBDD, in determining recipients for grants and loans and setting priorities, to solicit feedback from Oregon communities that have suffered disproportionately from job losses and environmental or other impacts. Requires OBDD to use, as part of the department's evaluation criteria for loans and grants, whether a clean energy technology company included an employment plan in the clean energy technology company's application for the loan or grant and give priority to clean energy technology manufacturing companies that do include a credible employment plan with the application. Requires OBDD to seek as contributions to the Fund federal and private investments including, but not limited to, moneys from United States Environmental Protection Agency Climate Pollution Reduction Grants, the federal Greenhouse Gas Reduction Fund, and other sources. Requires the Council to conduct certain activities. Allows the Council to conduct certain activities and adopt rules as necessary for the operation of the Council. Requires the Council not later than May 31 of each year to submit a report describing strategies to promote, attract and advance clean energy technology manufacturing in Oregon, and may include recommendations for legislation, to an interim committee of the Legislative Assembly related to energy technology, with copies to the Governor, to the Director of OBDD, the Director of the Oregon Department of Administrative Services (DAS), and to the Director of the Oregon Department of Energy. Requires DAS to provide staff support to the Council. Prohibits members of the Council from receiving compensation or reimbursement for expenses and serving as volunteers on the Council. Directs all agencies of state government to assist the Council in the performance of the duties of the Council and, to the extent permitted by laws relating to confidentiality, to furnish information and advice that the members of the Council consider necessary to perform their duties. Repeals requirements and authorization of the Council, its activities, and its responsibilities on December 31, 2033.

Takes effect on the 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Manufacturers' need for state matching funds to drawdown federal funds
- Public-private partnership possibilities with Act's funding
- State agency's priority to invest in clean technology manufacturing
- Potential to attract recent federal funding to Oregon for domestic manufacturing

EFFECT OF AMENDMENT:

The amendment clarifies wording and definitions in measure, changes the name of a council to the Clean Energy Technology Leadership Advisory Council, increases the number of members on the Council, and allows the Oregon Business Development Department to conduct rulemaking for Oregon Clean Technology Manufacturing Opportunity Fund grant-related activities and duties.

Detailed summary:

HB 4112 A STAFF MEASURE SUMMARY

The amendment changes wording from “clean energy technology companies” to “clean energy technology manufacturing companies” throughout the measure. Renames the term “Clean energy technology company” to “Clean energy technology manufacturing company” and expands its definition to include equipment for producing green electrolytic hydrogen. Removes employee retraining for living-wage jobs as a supported grant activity. Allows the Oregon Business Development Department to conduct rulemaking for Oregon Clean Technology Manufacturing Opportunity Fund grant-related activities and duties. Changes the name of the Clean Technology Leadership Advisory Council to “Clean Energy Technology Leadership Advisory Council” and increases the additional number of members on the Council from 12 to 14 members. Changes requirement that the Council consists of members with geographic diversity to members with demographic diversity. Adds as members of the Council two members who represent academic institutions in this state, the first of which must represent a public university and the second of which must represent a community college. Changes references of “energy project” to “clean energy project” and changes references of “clean technology” to “clean energy technology” in section 4.

BACKGROUND:

The Public Contracting Code (Code) 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.