

Highlights: House Bill 2020 Omnibus Amendment

The Joint Committee on Carbon Reduction heard public testimony over the past two months from Oregonians in Salem, Springfield, Medford, Baker City, Newport, The Dalles and Bend about House Bill 2020. The following is a summary of the omnibus amendment to HB 2020, which considered feedback the committee observed in public and written testimony.

Legislative Council will provide an overview of the amendment to the committee on Monday at 5 p.m.

Concern: HB 2020 will disproportionately hurt rural and low-income communities by driving up fuel costs.

Amendment: Climate Action Refund program

- Direct ODOT to recommend a refund program to the Legislature in 2020 to offset costs of additional road transportation fuels attributed to the carbon program.
 - ODOT would administer the program and consult with the Department of Revenue to create the program.
- Program funding will come from resources generated by the program.
- Oregonians making 100 percent of median household income and under qualify for the credit.

Bill proposal

- Additionally, a committee bill will be introduced that sets up a refund program.
 - The Department of Revenue will administer the program to offset the cost of additional road transportation fuels attributed to the cap and invest program.
 - The refund amount can equal 100 percent of the impact of the program on median household fuel costs and be no more than \$100 million per year.
 - The bill will give ODOT rulemaking authority, in consultation with the Carbon Policy Office, to develop a formula to estimate the program impact. This includes consideration of vehicle miles traveled by region and estimated impact of the program on cost of transportation fuels.

Concern: Investments need to be targeted to communities most impacted by climate change, including rural communities.

Amendment: Set-aside for impacted communities

- In addition to the 10 percent of programs funds that must benefit federally recognized tribes in Oregon, the -31 amendment requires at least 40 percent of funds in the Climate Investment Fund benefit impacted communities, which includes rural communities.

Concern: There is not enough clarity on how funds in the Transportation Decarbonization Account would be spent.

Amendment: Transportation Investment Framework

- The Oregon Transportation Commission will administer a grant program from funds deposited into the transportation decarbonization sub-account.
- The competitive grants will be distributed 50-50 between the state and local projects.
- The OTC will consider geographic equity when making investment decisions and balance investments between greenhouse gas reduction and climate adaptation.

Concern: Energy-intensive, trade-exposed industries (EITEs) will be put at risk and move operations to other states with less strict emission regulations. Some EITEs are not being recognized for the efficiency investments they have already made.

Amendment: Alternative Approach to EITE Allocation

- EITEs will receive a direct allocation of allowances for 95 percent of their emissions for the first three years.
- Beginning in the fourth year of the program, EITEs will receive allowances for 95 percent of the emissions produced by manufacturing with the best available technology.
 - The best available technology benchmark reflects the equipment, processes and technology that is available and viable that would, if implemented, produce the product as efficiently as possible at the Oregon facility (referred to as the best available technology).
 - The best available technology will be updated every six years.
- Some program proceeds can be used to help EITEs invest in more energy-efficient processes.
- This approach is designed to prevent emissions leakage and account for the ability of Oregon manufactures to implement these improvements, while ensuring that those manufacturers continue implementing emissions reduction wherever possible.

Concern: There are too many special exemptions for emitters.

Amendment: Numerous exemptions for different emissions and industries have been removed.

- Fluorinated gas emissions are covered under the program.
- Waste incinerators, like Covanta, are now covered by the program, and the proceeds from their allowance purchases will be used to improve programs to reduce and recycle plastics.
- EITEs will also now receive 95 percent allocations, instead of 100 percent.
- Landfills will be separately regulated for their emissions.

Concern: Wildfires have devastated Oregon communities and need to be specifically addressed in this program.

Amendment: Wildfire prevention

- Language has been added directing specific investments to wildfire prevention.

Concern: Workers need assurance that they will have to access to good jobs in a low-carbon future.

Amendment: Just Transition Fund

- There will be \$10 million per biennium in allocations to a Just Transition Fund to support economic diversification, job creation, job training and other employment services.
- The Higher Education Coordinating Committee will also come up with a Just Transition Plan that includes a recommendation to the Legislature on how much money should be allocated to a reserve account that will be used to support employees impacted by the transition to a low carbon economy.

Concern: Oregonians want to support Oregon workers and use local products.

Amendment: Model rules and the use of local products

- Model rules for smaller construction projects must include baseline wage and benefit standards, responsible contract provisions and a requirement for labor peace practices.
- All projects that receive more than \$50,000 of funding from the Oregon Climate Action program must pay prevailing wage.
- A 10 percent contracting preference will be given for cement, copper, glass, wood, wood products, steel, aggregate products, and aluminum purchased with funds from the Oregon Climate Action Program that are manufactured in Oregon or in jurisdictions with a carbon pricing program comparable to Oregon's program.
- Steel, iron, and coatings for iron and steel used in construction projects that receive more than \$50,000 from the Climate Action Program must be produced in the United States.