LEAGUE OF WOMEN VOTERS®
OF OREGON

February 13, 2014

To: Senator Arne Roblan, Chair
Senate Committee on Rural Communities and Economic Development

From: Robin Wisdom, President
Theresa Gibney, Natural Resources Volunteer

Re: SB 1578, -5s: Waives expenditures for green energy technology - **OPPOSE**

The League of Women Voters is a grassroots, nonpartisan, political organization that encourages informed and active participation in government. The League has strong positions on Climate Change, including active support of renewable energy and energy efficiency as cost effective strategies to mitigate carbon emissions. The League also has common sense positions on accountability, and the effective performance and decision making capability of all units of government.

Based on these positions, the League opposes the –5 amendments to SB 1578. ***Our primary objection is that the -5 amendments create an unhealthy incentive for local and county governments to fail to comply with the legislative intent of the original legislation.*** Specifically, the -5's allow local governments to request a waiver to transfer funds reserved for green energy technology installations to the local general fund.[1] An explanation of this unhealthy incentive is provided at the end of this testimony.

The League believes that instead of transferring money to the general fund, if this amendment is considered, it would be more appropriate to allow local governments to use the green energy installation funds that have been reserved to install these systems on any public building or location in their jurisdiction. The League supports continued investments in renewable energy, including investments made as part of new public construction or remodeling projects. This support is based on our strong positions on the protection and preservation of natural resources and on the mitigation of climate change. The League is neutral on the -4 amendments, remaining agnostic as to which forms of renewable energy technology are used to contribute to the mitigation of climate change.

In closing, it is worth emphasizing that the League is strongly opposed to SB 1578 in its original form. The League opposes legislation that carte blanche exempts any individual, business, service territory, or government jurisdiction from the laws that protect Oregon's environment and from the rules of law that allow a civil engagement on natural resource matters. SB 1578, as introduced, proposes this carte blanche exemption.

[1] The local government must have reserved and set aside the funds for five years and then must demonstrate that the local government does not anticipate undertaking a major public building construction contract in the upcoming five years. The Director of the Department of Energy must only consider these two points.

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An explanation of the unhealthy incentives created by the -5 amendments to SB 1578 is a complicated one that derives from the structure of the original legislation and its amendments over time. This explanation comprises the remainder of this testimony:

Investments by local and state governments in green energy technology (solar or geothermal energy) on public buildings is currently mandated by HB 3169 (2013)[2]. The law requires local and state government bodies to invest 1.5% of the total contract price of new construction or major remodels of public buildings for the installation of green energy technology on the site of the public building project or at an alternate site[3].

Local and county governments mandated to carry out these green energy technology installations, however, are allowed to declare that projects are "inappropriate" for the eligible construction project and to report their decisions to the Oregon Department of Energy. The Department has responsibility to collect this data and report to the Legislature, but is not otherwise required to challenge local government declarations of "inappropriateness" or enforce adherence to the legislative intent.

The local government is required to reserve an equivalent 1.5% of total contract price funds for installation of green energy technology in a future building construction project, if green energy technology is not installed in the current building construction project. The requirement to reserve these funds for future installations was the only mechanism included in the original legislation to encourage compliance with the legislative intent. The -5 amendments remove that mechanism.

Further, the amendments propose allowing monies set aside by the public for a building construction project to be used for general fund purposes.

The League believes that any system that omits enforcement of legislative intent, and that sets up a financial incentive to act out of step with legislative intent, it a poorly designed system.

The League opposes legislation that establishes such poorly designed systems.

[2] The original legislation, passed in 2007 as HB 2620 was termed the "1.5% for Solar" bill. An expansion of the renewable energy technologies to include geothermal technology was passed in 2012 as SB 1533. HB 3169 (2013) cleaned up the unintended consequences of this rapidly amended bill.

[3] The original bill (HB 2620) did not allow installations on alternate sites or other buildings. As such, funds currently in reserves may have been deemed inappropriate because of constraints of the site or public building.