

**B-Engrossed**  
**Senate Bill 1578**

Ordered by the House February 21  
Including Senate Amendments dated February 14 and House Amendments  
dated February 21

Sponsored by Senator KNOPP; Senators BAERTSCHIGER JR, BOQUIST, CLOSE, FERRIOLI, GEORGE, GIROD, HANSELL, KRUSE, OLSEN, THOMSEN, WHITSETT, WINTERS, Representatives HUFFMAN, MCLANE, WHISNANT (Pre-session filed.)

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Modifies types of green energy technology for which at least 1.5 percent of total contract price of certain public improvement contract for construction or certain reconstruction or major renovation of public building must be spent.

Takes effect on 91st day following adjournment sine die.

**A BILL FOR AN ACT**

1  
2 Relating to facilitation of economic development; creating new provisions; amending ORS 279C.527;  
3 and prescribing an effective date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 279C.527 is amended to read:

6 279C.527. (1) As used in this section and in ORS 279C.528:

7 (a)(A) "Green energy technology" means a system that employs:

8 (i) Solar or geothermal energy directly for space or water heating or to generate electricity;  
9 [or]

10 (ii) Building design that uses solar energy passively to reduce energy use from other sources  
11 by at least 20 percent from a level required under ORS 276.900 to 276.915 or achieved in buildings  
12 constructed according to state building code standards that the Department of Consumer and Busi-  
13 ness Services approves under ORS 455.496[.]; or

14 **(iii) Woody biomass as a fuel for space heating, fuel for water heating or fuel to produce**  
15 **heat for a combined heat and power system.**

16 (B) "Green energy technology" does not include a system that:

17 (i) Uses water, groundwater or the ground as a heat source at temperatures less than 140 de-  
18 grees Fahrenheit; or

19 (ii) Incorporates solar energy indirectly into other methods for generating energy, such as from  
20 the action of waves on water, from hydroelectric facilities or from wind-powered turbines.

21 (b) "Public building" means a building that a public body, as defined in ORS 174.109, owns or  
22 controls, and that is:

23 (A) Used or occupied by employees of the public body; or

24 (B) Used for conducting public business.

25 (2)(a) Except as otherwise provided in this section, a public improvement contract for the con-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 construction of a public building or for the reconstruction or major renovation of a public building, if  
2 the cost of the reconstruction or major renovation exceeds 50 percent of the value of the public  
3 building, *[shall]* **must** contain and reserve an amount equal to at least 1.5 percent of the total con-  
4 tract price for the purpose of including appropriate green energy technology as part of the con-  
5 struction, reconstruction or major renovation of the public building.

6 (b) A public improvement contract to construct, reconstruct or renovate a public building may  
7 provide for constructing green energy technology at a site that is located away from the site of the  
8 public building if:

9 (A) Constructing green energy technology away from the site of the public building and using  
10 the energy from the green energy technology at the site of the public building is more cost-effective,  
11 taking into account additional costs associated with transmitting generated energy to the site of the  
12 public building, than is constructing and using green energy technology at the site of the public  
13 building;

14 (B) The green energy technology that is located away from the site of the public building is lo-  
15 cated within this state and in the same county as, or in a county adjacent to, the site of the public  
16 building; and

17 (C) The public improvement contract provides that all of the moneys for constructing green en-  
18 ergy technology away from the site of the public building must fund new energy generating capacity  
19 that does not replace or constitute a purchase and use of energy generated from green energy  
20 technology that:

21 (i) Employs solar energy and that existed on the date that the original building permit for the  
22 public building was issued; *[or]*

23 (ii) Employs geothermal energy and for which construction was completed before January 1,  
24 2013[.]; **or**

25 **(iii) Employs woody biomass as a fuel for space heating, fuel for water heating or fuel to**  
26 **produce heat for a combined heat and power system, and that existed on the date the original**  
27 **building permit for the public building was issued.**

28 (c) In making the determination required under paragraph (b)(A) of this subsection, a contract-  
29 ing agency shall[.:]

30 *[(A)] compare the costs of constructing green energy technology that employs [solar energy at*  
31 *the site of the public building] a particular technology only with the corresponding costs of green*  
32 *energy technology that employs [solar energy] the same technology at a location away from the*  
33 *site of the public building. [; and]*

34 *[(B) Compare the costs of green energy technology that employs geothermal energy at the site of the*  
35 *public building only with the corresponding costs of green energy technology that employs geothermal*  
36 *energy at a location away from the site of the public building.]*

37 (3) Before entering into a public improvement contract described in subsection (2) of this sec-  
38 tion, a contracting agency shall prepare a written determination of whether including green energy  
39 technology as part of the construction, reconstruction or major renovation of the public building is  
40 appropriate. The contracting agency shall list in the determination the total contract price and  
41 specify the amount the agency intends to expend on including green energy technology as part of  
42 the construction, reconstruction or major renovation. The State Department of Energy shall develop  
43 a form that a contracting agency may use to prepare the written determination described in this  
44 subsection.

45 (4)(a) If the contracting agency determines that green energy technology is not appropriate for

1 the public building, subsection (2) of this section does not apply to the public improvement contract.  
2 A contracting agency's determination under this paragraph must consider whether constructing  
3 green energy technology at the site of the public building is appropriate and whether constructing  
4 green energy technology away from the site of the public building and in accordance with subsection  
5 (2)(b) and (c) of this section is appropriate.

6 (b) If subsection (2) of this section does not apply to the public improvement contract:

7 (A) The contracting agency shall spend an amount equal to at least 1.5 percent of the total  
8 contract price to include appropriate green energy technology as part of a future public building  
9 project; and

10 (B) The amount the contracting agency spends on the future public building project in accord-  
11 ance with subparagraph (A) of this paragraph is in addition to any amount required under sub-  
12 section (2) of this section for including appropriate green energy technology as part of the future  
13 public building project.

14 (5) Subsection (4)(b) of this section does not apply to a public improvement contract for which  
15 state funds are not directly or indirectly used.

16 (6)(a) This section does not exempt an authorized state agency, as defined in ORS 276.905, from  
17 complying with ORS 276.900 to 276.915, except that an authorized state agency, without complying  
18 with ORS 276.900 to 276.915, may determine that green energy technology is appropriate to include  
19 as part of the construction, reconstruction or major renovation of a public building.

20 (b) A contracting agency may not use an amount described in subsection (4)(b) of this section  
21 to comply with requirements set forth in ORS 276.900 to 276.915 or with a state building code  
22 standard that the Department of Consumer and Business Services approves under ORS 455.496.

23 (7) Notwithstanding the provisions of ORS 174.108 (3), this section applies to intergovernmental  
24 entities described in ORS 174.108 (3).

25 **SECTION 2. The amendments to ORS 279C.527 by section 1 of this 2014 Act apply only**  
26 **to public improvement contracts first advertised, or if not advertised first entered into, on**  
27 **or after the effective date of this 2014 Act.**

28 **SECTION 3. This 2014 Act takes effect on the 91st day after the date on which the 2014**  
29 **regular session of the Seventy-seventh Legislative Assembly adjourns sine die.**

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