

*From the Desk of  
Senator Ted Ferrioli*

## Peter Courtney's moment of transportation truth: Editorial

The Oregonian Editorial Board  
February 16, 2015

Speaking at the Oregon Leadership Summit in early January, Senate President Peter Courtney expressed his support for a transportation funding package and emphasized the need for lawmakers to make the "hard votes" required to raise taxes. "Voters almost always vote down transportation funding ballot measures," he said. "That's why they are not put on the ballot."

Courtney's ostensible support for transportation funding is worth remembering this week, as is his stated aversion to a public vote on the matter. On Tuesday, the chamber over which he presides will vote on a piece of legislation that is almost certain to force any gas tax approved by lawmakers to the ballot, where it will carry the enduring taint of the scandal that cost John Kitzhaber the governor's office.

The legislation on Tuesday's docket is Senate Bill 324, which would allow the full implementation of a low-carbon fuel standard approved by legislators temporarily in 2009. The legislation approved six years ago contained a 2015 sunset date, a legal kill switch that required the Legislature to reaffirm its support for the standard. Lawmakers knew then that much could go wrong, and even more has gone wrong than they could have imagined.

The fuel standard, which supporters refer to as a clean fuels program, is designed to force Oregonians to buy more low-carbon fuels or to subsidize them indirectly through a complex credit scheme involving fuel producers and importers. The program proved difficult to implement fully, which is one reason it hasn't been.

Lawmakers, meanwhile, have been leery of making the program permanent, and attempts to remove the sunset date have failed narrowly in recent years. Legislators know, as recent polling indicates, that their constituents have little interest in paying as much as 19 cents more per gallon - the state's estimate - for a program that does nothing whatsoever to improve roads.

Despite the cost and complexity of the fuel standard, removing the 2015 sunset date has continued to be a priority of the environmental left, Kitzhaber and a nonprofit that sent tens of thousands of dollars fiancée Cylvia Hayes' way. An adviser to Kitzhaber's 2010 campaign helped create a \$118,000 fellowship for Hayes through the Clean Economy Development Center, Nick Budnick and Laura Gunderson of The Oregonian/OregonLive reported recently. Of that sum, the nonprofit Energy Foundation contributed a total of \$75,000 in 2011 and 2012. The foundation expected Hayes to develop communication strategies and build support for clean energy policies in the Northwest.

The Energy Foundation was focused specifically upon Oregon's low-carbon fuel standard during a period in which it also was sending money to Hayes.

This fellowship has received much attention because the money was not accounted for fully on tax returns Hayes provided to The Oregonian/OregonLive. But the Energy Foundation gave another \$25,000 to the Clean Economy Development Center in 2013. The CEDC's role this time, says the Energy Foundation, was to oversee the work of a public affairs firm, Hilltop Public

Solutions, to "help us achieve our goal of educating businesses, economic development organizations, and policymakers about the economic benefits that a continuation of the Clean Fuels Program would bring to Oregon communities."

The Energy Foundation, in other words, was focused very specifically upon Oregon's low-carbon fuel standard during a period in which it also was sending money to Hayes, who served as an energy policy adviser to Kitzhaber. In 2014, curiously, the governor decided to finish writing administrative rules for the low-carbon fuel standard even after lawmakers declined - again - to remove the sunset date.

State and federal authorities eventually will determine where all of this shifting of money and influence falls on a spectrum that runs from "smells very bad" to "criminal." But there's no question that the policy encoded in SB324 is enveloped thoroughly by the ethical fog generated by Oregon's outgoing first couple.

Neither is there any question that SB324, if enacted, would create problems for a transportation funding package. Among the most ardent opponents of the low-carbon fuel standard are fuel wholesalers and retailers. Should lawmakers remove the sunset date, says lobbyist Paul Romain, the groups he represents will refer the gas-tax component of any transportation funding package to the ballot.

Lawmakers can choose to believe he's bluffing. They can decide the state needs a low-carbon fuel standard more than it needs a transportation funding package. They should not, however, make the mistake of believing voters, if asked, will back a gas tax. That's especially true if voters know they'll also pay for what is, in effect, a global-warming gas tax rescued under a huge ethical cloud.

Should SB324 clear the Senate, supporters of a transportation funding package should urge members of the House of Representatives to kill it. If the fuel standard is rescued, Oregonians will be in for a big hike in fuel costs that won't generate a penny for road improvement, and Republicans and Democrats who support a transportation funding package are likely to be in for a disappointment.