



Oregon first couple's creeping ethical fog: Editorial

From the Desk of
Representative
Mike McLane

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Oregon Gov. John Kitzhaber is sworn in for an unprecedented fourth term Jan. 12 as fiancée Cylvia Hayes looks on. (AP Photo/Don Ryan)

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on January 29, 2015 at 3:18 PM, updated January 30, 2015 at 9:42 AM

Democratic lawmakers are in such a hurry to hit the "start" button on the state's moribund low-carbon fuel standard (in effect, a global warming gas tax) **they've scheduled a hearing** on the necessary legislation at 3 p.m. Monday - the very first day of the 2015 session. Try as they might, though, they can't outrun the ethical fog that has come to accompany Oregon's first couple wherever they go, like Pigpen's dust cloud. What was always misguided policy, driven by chronic misrepresentation from the governor's office on down, now carries a depressingly familiar stink. Yet a chance still exists that Oregon's elected representatives will support it.

At the center of the fog bank is, once again, **gubernatorial fiancée Cylvia Hayes**. She told **reporter Hillary Borrud of the EO Media Group/Pamplin Media Group** that she'd pocketed a combined \$118,000 from the Washington, D.C., Clean Economy Development Center during 2011 and 2012. This information **doesn't jibe with federal tax forms** Hayes provided to The Oregonian/OregonLive. Neither has it been accounted for in disclosure forms compiled by the governor's office, which, incidentally, Hayes served during that period as a volunteer adviser on energy policy.

What Hayes actually did to justify such a generous sum isn't entirely clear. She told Borrud, via email, that her "primary work was to implement communications strategies promoting clean economy development." In any case, the organization funneling money to Hayes certainly wanted some things, including, wrote Borrud, implementation of Oregon's low-carbon fuel standard, for which it conducted polling and advocated in 2014. While running for his fourth term last year, Gov. John Kitzhaber identified the program's implementation as one of his top three priorities.

You could argue, perhaps correctly, that Kitzhaber would have sworn allegiance to the fuel standard even if he'd never met Hayes. And it's true that Hayes herself would be an ardent advocate for environmental policy even without the six-figure inducement provided by the Clean Economy Development Center - about which the governor, like his constituents, may be learning only now. But these things happened, and the fog has spread inconveniently just as lawmakers are preparing to discuss policy

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desired by Hayes' benefactors. Even Kitzhaber can ask Oregonians to overlook only so much.

The fuel standard, which the Legislature set in motion way back in 2009, is opaque and costly. It seeks to reduce the "carbon intensity" of motor fuels by 10 percent over a 10-year period, carbon intensity referring to the global-warming emissions produced by a fuel during its entire life cycle, from pump to piston - or from cornfield to piston or windmill to electric motor. The program, stalled by a 2015 sunset date, would maximize the blending of ethanol and other biofuels into conventional gasoline and diesel. And because even such blending is unlikely to satisfy the program's carbon-reduction requirements over time, gas and diesel importers will have to buy credits sold by producers of alternative fuels. It's a roundabout way of taxing gasoline and diesel fuel to subsidize alternative road fuels and could, the Oregon Department of Environmental Quality estimates, boost fuel prices by 19 cents per gallon. Ethanol and biodiesel producers are very supportive.

The beauty of this de facto tax from a supportive policy maker's perspective is that the cost would be rolled seamlessly into the price at the pump rather than segregated clearly, as is the state's gas tax. Most Oregonians would never know they were paying it, even as they coughed up an extra dollar or two every time they filled up their tanks. Opacity is rarely a quality of good public policy.

Nonetheless, the governor and program supporters **have claimed time and again** that the standard would save Oregonians up to \$1.6 billion in fuel costs over a decade. Naturally, they conveniently fail to mention that achieving such savings, according to the report from which they plucked their number, **would require the expenditure of an extra \$1.6 billion on alternative fuel vehicles**. Opacity sold by half-truths is cause for alarm.

Monday's public hearing on Senate Bill 324, which would remove the fuel standard's sunset date, looms. Questions about the program's opacity and its costs will now be complicated by those regarding Hayes' recently acknowledged income from a fuel-standard advocate. Lurking in the background, meanwhile, will be **the viability of a plain-vanilla transportation-funding package** that might have bipartisan support - unless lawmakers double-tax their constituents by implementing the low carbon fuel standard.

During last fall's gubernatorial campaign, former Kitzhaber communications director Nkenge Harmon Johnson **wrote a guest column about her time in the governor's office**, where, she says, "I voiced concerns about the first lady, the overlap of campaign and state advisers, and the ways they interacted with state business." But she was told, she says, "that as long as things were good it did not matter whether things were right."

Well, it does matter. By killing SB 324, and with it the low-carbon fuel standard, lawmakers can at once rescue their constituents from a bad policy and themselves from the first couple's creeping fog.

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