

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 324 - MRB**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed
Versions are Considered Official***

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Measure Description:

Repeals sunset on provisions related to low carbon fuel standards.

Government Unit(s) Affected:

Department of Environmental Quality (DEQ), Department of Agriculture, Higher Education Coordinating Commission, Public Utility Commission (PUC)

Summary of Expenditure Impact:

See Analysis.

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis: This bill would direct the Oregon Department of Agriculture (ODA) to determine commercial availability of ethanol and biodiesel/renewable diesel in Oregon; this includes establishing a percentage blend of ethanol/biodiesel and quality by June 31st of each year. The standard shall prioritize the use of ethanol and biodiesel/renewable diesel with the lowest lifecycle greenhouse gas emissions and maximizes ethanol and biodiesel/renewable diesel commercially available in Oregon. A notice must be sent to all retail dealers, nonretail dealers, and wholesale dealers; compliance with the notice must be achieved by January 1 of the year following the notice. ODA is to adopt labeling standards for biodiesel/ other renewable diesel. The bill also authorizes Public Utility Commission (PUC) to require payment of public purpose charge funds into Carbon Reduction Technology Research and Development Fund (Fund) and directs Higher Education Coordinating Commission to develop, maintain and manage consortium created for purpose of promoting and advancing research and development of carbon reduction technologies related to transportation fuels. Consortium to include representatives of University of Oregon, Portland State University and Oregon State University. Directs consortium to establish grant program and facilitate programs at member universities. The grant program will be funded by the Carbon Reduction Technology Research and Development Fund.

Department of Agriculture (ODA)

This bill would change the duties and responsibilities of ODA to include the monitoring of ethanol and commercial biodiesel/renewable diesel. This will require notification, outreach, rulemaking, program development, and compliance activities. Funding for these additional activities has not been identified, but is assumed to be General Fund. The bill does not authorize ODA to establish or set fees for monitoring and compliance. At this time, ODA cannot estimate to cost of these activities, therefore the fiscal impact of the bill is indeterminate.

Public Utilities Commission (PUC)

PUC does not anticipate a fiscal impact to the Commission. The bill allows the Commission to require public purpose charges be paid into the Carbon Reduction Technology Research and Development Fund. 50 percent of public purpose charges are allocated to the Energy Trust of Oregon for energy conservation and renewable development and is approximately \$31 million a year. Depending upon the amount of funding redirected to the Carbon Reduction Technology Research and Development Fund, it

may result in an increased electricity costs to ratepayers due to paying into a non-energy related transportation fund. The full fiscal impact to the Energy Trust of Oregon is not known at this time.

Higher Education Coordinating Commission (HECC)

This bill would require HECC to develop, maintain, and manage a consortium to support research and development of carbon reduction technologies related to transportation. The universities involved would be Oregon State, Portland State, and the University of Oregon. Research consortiums of this type and complexity would require high level administrative support and accounting support to advance the research agenda and maintain control over the distribution of grant funds. An Operation and Policy Analyst 4 would be required as director of the research consortium. This individual would lead the daily activities of the consortium, including program and research agenda development, stakeholder engagement, program policy and rules and manage the grant RFP and awarding process, conduct post award inspections and reporting. This position would require an individual with specific knowledge of carbon reduction technology, transportation, energy and engineering as well as experience with grant acquisition, leadership and stakeholder engagement. Accounting support would be required for the orderly distribution of funds, proper accounting and control as well as post-award compliance.

Department of Environmental Quality (DEQ)

The bill as amended removes reference and responsibilities of DEQ and there is no fiscal impact to the agency.

At this time, the Legislative Fiscal Office (LFO) believes that the ramifications of this measure are not fully understood by state agencies and therefore the fiscal impact cannot be determined.