

**PROPOSED AMENDMENTS TO  
HOUSE BILL 3250**

1 On page 1 of the printed bill, line 2, after “protection;” insert, “creating  
2 new provisions; amending ORS 184.889, 468A.235, 468A.240, 468A.250 and  
3 468A.260 and section 9, chapter 751, Oregon Laws 2009; repealing ORS  
4 468A.205;”.

5 Delete lines 4 through 27 and delete pages 2 through 4 and insert:  
6

7 **“CLIMATE PROTECTION ACT**  
8

9 **“SECTION 1. Sections 2 to 7 of this 2015 Act shall be known and  
10 may be cited as the Climate Protection Act.**

11 **“SECTION 2. The Legislative Assembly finds and declares that:**

12 **“(1) The effects of climate change caused by greenhouse gas emis-**  
13 **sions threaten to have significant detrimental impacts on public**  
14 **health and the economic vitality, natural resources and environment**  
15 **of this state. Climate change will have impacts on fresh water re-**  
16 **sources, industry, agriculture, forest resources, marine ecosystems**  
17 **and human health.**

18 **“(2) The effects of climate change are beginning, and significant**  
19 **actions are required to reduce emissions and prevent or mitigate the**  
20 **effects of climate change.**

21 **“(3) In the absence of effective national engagement, it is the re-**  
22 **sponsibility of the individual states, deemed to be the laboratories of**

1 process, to take action to address climate change.

2 “(4) By exercising a leadership role in addressing climate change,  
3 Oregon will position its economy to benefit from the national and  
4 international efforts that must occur to reduce greenhouse gas emis-  
5 sions and will encourage other states, the federal government and the  
6 international community to act. It is therefore the intent of the Leg-  
7 islative Assembly to reduce greenhouse gas emissions through legally  
8 binding regulatory mechanisms.

9 “(5) A phased-in cap-and-dividend program established pursuant to  
10 sections 2 to 7 of this 2015 Act will set a clear limit on greenhouse gas  
11 emissions, send a market signal to reduce emissions, will be revenue  
12 neutral, will stimulate investment in renewable energy and energy ef-  
13 ficiency, will help position Oregon businesses to lead and benefit from  
14 the inevitable transition away from fossil fuels and, by providing for  
15 an equal annual dividend to Oregon taxpayers and their dependents,  
16 will ensure that Oregon households can afford the energy they need  
17 while stimulating the economy.

18 **“SECTION 3. As used in sections 2 to 7 of this 2015 Act:**

19 “(1) ‘Allowance’ means an authorization, issued by this state, to  
20 emit one ton of a greenhouse gas during a specified year as measured  
21 in carbon dioxide equivalent.

22 “(2) ‘Carbon dioxide equivalent’ means the quantity of a given  
23 greenhouse gas multiplied by a global warming potential factor.

24 “(3) ‘Global warming potential factor’ means the radiative forcing  
25 impact of one ton of a given greenhouse gas relative to an equivalent  
26 unit of carbon dioxide over a 100-year period, as reflected in units of  
27 carbon dioxide.

28 “(4) ‘Greenhouse gas’ has the meaning given that term in ORS  
29 468A.210.

30 “(5) ‘Offset’ means a reduction in emissions of one ton of a

1 greenhouse gas, as measured in carbon dioxide equivalent, that is not  
2 subject to the greenhouse gas cap-and-dividend program and that is  
3 used to offset greenhouse gas emissions subject to the cap-and-  
4 dividend program.

5 “(6) ‘Source’ means any source, or category of sources, of  
6 greenhouse gas emissions that emits greenhouse gases at a level of  
7 significance such that the Environmental Quality Commission deter-  
8 mines that participation by the source in the program established by  
9 rule under section 4 of this 2015 Act will contribute to statewide  
10 greenhouse gas emissions reductions.

11 “(7) ‘Statewide greenhouse gas emissions’ means the total annual  
12 emissions of greenhouse gases in this state, expressed in tons of car-  
13 bon dioxide and carbon dioxide equivalents, and all emissions of  
14 greenhouse gases from the generation of electricity generated outside  
15 this state and delivered to and consumed in this state, accounting for  
16 transmission and distribution line losses.

17 **“SECTION 4. (1) The Environmental Quality Commission shall, af-  
18 ter consulting with the Department of Environmental Quality, adopt  
19 by rule a greenhouse gas cap-and-dividend program to reduce state-  
20 wide greenhouse gas emissions in an amount not to exceed the fol-  
21 lowing benchmarks:**

22 **“(a) By 2020, achieve statewide greenhouse gas emissions levels that  
23 are equal to 1990 levels.**

24 **“(b) By 2030, achieve statewide greenhouse gas emissions levels that  
25 are 40 percent below 1990 levels.**

26 **“(c) By 2050, achieve statewide greenhouse gas emissions levels that  
27 are 85 percent below 1990 levels.**

28 **“(2) The commission shall adopt interim five-year statewide  
29 greenhouse gas emissions limits consistent with the greenhouse gas  
30 emissions reductions necessary to meet the limits for the years 2030**

1 and 2050 as adopted under subsection (1) of this section.

2 “(3) The commission may adjust the statewide greenhouse gas  
3 emissions limits adopted under this section as necessary to achieve  
4 goals consistent with best available science.

5 “(4) The greenhouse gas cap-and-dividend program shall include,  
6 but not be limited to:

7 “(a) A declining cap on statewide greenhouse gas emissions from:

8 “(A) Sources located in this state as specified by the commission;

9 “(B) The generation and transmission of electricity used within this  
10 state; and

11 “(C) The combustion of fuel within this state;

12 “(b) A requirement that, beginning January 1, 2018, the following  
13 persons retire allowances or offsets equal to statewide greenhouse gas  
14 emissions subject to the cap established under paragraph (a) of this  
15 subsection that the commission determines are attributable to such  
16 persons:

17 “(A) The owner or operator of a source specified by the commission  
18 pursuant to paragraph (a)(A) of this subsection;

19 “(B) The importer, seller, deliverer or distributor of electricity for  
20 use in this state; and

21 “(C) The importer, seller, deliverer or distributor of fuel for use in  
22 this state;

23 “(c) Procedures for the trading and retirement of allowances and  
24 offsets;

25 “(d) Requirements for record keeping and compliance reporting;

26 “(e) Requirements for third-party verification of greenhouse gas  
27 emissions;

28 “(f) Procedures for the commission to auction allowances to persons  
29 listed under paragraph (b) of this subsection in the manner provided  
30 for under section 5 of this 2015 Act;

1       “(g) Procedures, protocols and limitations for the generation and  
2 retirement of offsets; and

3       “(h) In addition to any other penalty provided by law, a requirement  
4 that any person that fails to retire allowances or offsets equal to its  
5 greenhouse gas emissions pursuant to paragraph (b) of this subsection  
6 must retire additional allowances for excess greenhouse gas emissions.

7       “(5) In adopting rules pursuant to this section, the commission  
8 shall consider:

9       “(a) Establishing applicability thresholds, exemptions and deferrals  
10 concerning the greenhouse gas cap-and-dividend system;

11       “(b) Including greenhouse gas emissions from the production,  
12 transportation, storage and combustion of fuel used within this state  
13 in the emissions subject to the cap under subsection (1) of this section,  
14 including but not limited to:

15       “(A) Emissions from electricity and other fuel that is produced  
16 outside of this state;

17       “(B) A best estimate of methane emissions due to leaks or other  
18 unintended or irregular releases of gases at the wellhead during the  
19 production of oil and natural gas; and

20       “(C) Life cycle emissions associated with biofuels production other  
21 than biofuel production from forest waste or landfill gas, including but  
22 not limited to emissions due to the use of fertilizers and irrigation and  
23 changes in land use practices;

24       “(c) Adopting criteria and procedures to certify providers of third-  
25 party verification services for greenhouse gas emissions;

26       “(d) Authorizing the department to set additional annual emissions  
27 goals by economic sector as a method for minimizing the cost of  
28 compliance without diminishing the overall emissions reductions  
29 achieved by the program; and

30       “(e) Establishing limits on the trading of allowances and offsets as

1 part of the program.

2 “(6) The department shall administer the greenhouse gas cap-and-  
3 dividend program.

4 **“SECTION 5. (1) The Department of Revenue shall, in cooperation**  
5 **with the Department of Environmental Quality, conduct an auction**  
6 **of the allowances provided for by rule under section 4 of this 2015 Act.**  
7 **The Department of Revenue may conduct the auction in the manner**  
8 **that it determines is best suited to maximize the return to the state**  
9 **on the sale of allowances in subsequent auctions. The Department of**  
10 **Revenue shall announce a reserve bid prior to conducting the auction.**  
11 **The reserve amount shall be at least 95 percent of the total amount**  
12 **of the allowance. Moneys necessary to reimburse the Department of**  
13 **Revenue for the actual costs incurred by the department in adminis-**  
14 **tering an auction, not to exceed 0.25 percent of auction proceeds, are**  
15 **continuously appropriated to the department. The Department of**  
16 **Revenue shall deposit net receipts from the auction required under**  
17 **this section in the suspense account provided for under section 6 of**  
18 **this 2015 Act.**

19 “(2) The Environmental Quality Commission, after consultation  
20 with the Department of Revenue, shall adopt rules in order to ensure  
21 that the auction provided for under this section meets the require-  
22 ments and goals of the cap-and-dividend program provided for under  
23 section 4 of this 2015 Act.

24 **“SECTION 6. (1) Moneys received by the Department of Revenue**  
25 **pursuant to the auction provided for under section 5 of this 2015 Act**  
26 **shall be deposited in a suspense account created pursuant to ORS**  
27 **293.445. After the payment of the costs of the Department of Revenue**  
28 **and the Department of Environmental Quality for the implementation**  
29 **and enforcement of sections 2 to 7 of this 2015 Act and repayment of**  
30 **any funds borrowed to initiate implementation and enforcement of**

1 sections 2 to 7 of this 2015 Act, moneys in that account shall be  
2 transferred to the Pollution Refund Credit Trust Fund established in  
3 section 7 of this 2015 Act.

4 “(2) On or after September 1, but not later than September 30, of  
5 each year, all but \$50 million of the Pollution Refund Credit Trust  
6 Fund shall be distributed in equal shares to all persons who are:

7 “(a) Taxpayers who filed an Oregon personal income tax return for  
8 the immediately preceding tax year; or

9 “(b) Dependents who are 18 years of age or younger and residing in  
10 this state, claimed by taxpayers who filed an Oregon personal income  
11 tax return for the immediately preceding tax year.

12 “(3) Distributions required under this section shall be issued in the  
13 same manner as refunds are made under ORS 314.415.

14 “SECTION 7. The Pollution Refund Credit Trust Fund is established  
15 in the State Treasury, separate and distinct from the General Fund.  
16 Interest earned by the Pollution Refund Credit Trust Fund shall be  
17 credited to the fund. Moneys in the fund are continuously appropriated  
18 to the Department of Revenue for the payment of distributions as  
19 provided in section 6 of this 2015 Act.

20

21 “**REPEAL OF ORS 468A.205 AND CONFORMING AMENDMENTS**

22

23 “SECTION 8. ORS 468A.205 is repealed.

24 “SECTION 9. ORS 184.889 is amended to read:

25 “184.889. (1) The Oregon Transportation Commission, after consultation  
26 with and in cooperation with metropolitan planning organizations, other  
27 state agencies, local governments and stakeholders, as a part of the state  
28 transportation policy developed and maintained under ORS 184.618, shall  
29 adopt a statewide transportation strategy on greenhouse gas emissions to aid  
30 in achieving *[the]* greenhouse gas emissions *[reduction goals]* **consistent**

1 **with the benchmarks** set forth in [ORS 468A.205] **section 4 of this 2015**  
2 **Act**. The commission shall focus on reducing greenhouse gas emissions re-  
3 sulting from transportation. In developing the strategy, the commission shall  
4 take into account state and federal programs, policies and incentives related  
5 to reducing greenhouse gas emissions.

6 “(2) The commission shall actively solicit public review and comment in  
7 the development of the strategy.

8 **“SECTION 10.** ORS 468A.235 is amended to read:

9 “468A.235. The Oregon Global Warming Commission shall recommend  
10 ways to coordinate state and local efforts to reduce greenhouse gas emissions  
11 in Oregon consistent with the **benchmarks on** greenhouse gas emissions  
12 [*reduction goals*] established by [ORS 468A.205] **section 4 of this 2015 Act**  
13 and shall recommend efforts to help Oregon prepare for the effects of global  
14 warming. The Office of the Governor and state agencies working on multi-  
15 state and regional efforts to reduce greenhouse gas emissions shall inform  
16 the commission about these efforts and shall consider input from the com-  
17 mission for such efforts.

18 **“SECTION 11.** ORS 468A.240 is amended to read:

19 “468A.240. (1) In furtherance of the greenhouse gas emissions [*reduction*  
20 *goals*] **benchmarks** established by [ORS 468A.205] **section 4 of this 2015**  
21 **Act**, the Oregon Global Warming Commission may recommend statutory and  
22 administrative changes, policy measures and other recommendations to be  
23 carried out by state and local governments, businesses, nonprofit organiza-  
24 tions or residents. In developing its recommendations, the commission shall  
25 consider economic, environmental, health and social costs, and the risks and  
26 benefits of alternative strategies, including least-cost options. The commis-  
27 sion shall solicit and consider public comment relating to statutory, admin-  
28 istrative or policy recommendations.

29 “(2) The commission shall examine greenhouse gas cap-and-trade systems,  
30 including a statewide and multistate carbon cap-and-trade system and



1 market-based mechanisms, as a means of achieving the greenhouse gas  
2 emissions [*reduction goals*] **benchmarks** established by [*ORS 468A.205*]  
3 **section 4 of this 2015 Act.**

4 “(3) The commission shall examine possible funding mechanisms to obtain  
5 low-cost greenhouse gas emissions reductions and energy efficiency en-  
6 hancements, including but not limited to those in the natural gas industry.

7 **“SECTION 12.** ORS 468A.250 is amended to read:

8 “468A.250. (1) The Oregon Global Warming Commission shall track and  
9 evaluate:

10 “(a) Economic, environmental, health and social assessments of global  
11 warming impacts on Oregon and the Pacific Northwest;

12 “(b) Existing greenhouse gas emissions reduction policies and measures;

13 “(c) Economic, environmental, health and social costs, and the risks and  
14 benefits of alternative strategies, including least-cost options;

15 “(d) The physical science of global warming;

16 “(e) Progress toward **preventing exceedance of** the greenhouse gas  
17 emissions [*reduction goals*] **benchmarks** established by [*ORS 468A.205*]  
18 **section 4 of this 2015 Act;**

19 “(f) Greenhouse gases emitted by various sectors of the state economy,  
20 including but not limited to industrial, transportation and utility sectors;

21 “(g) Technological progress on sources of energy the use of which gener-  
22 ates no or low greenhouse gas emissions and methods for carbon  
23 sequestration;

24 “(h) Efforts to identify the greenhouse gas emissions attributable to the  
25 residential and commercial building sectors;

26 “(i) The carbon sequestration potential of Oregon’s forests, alternative  
27 methods of forest management that can increase carbon sequestration and  
28 reduce the loss of carbon sequestration to wildfire, changes in the mortality  
29 and distribution of tree and other plant species and the extent to which  
30 carbon is stored in tree-based building materials;

1 “(j) The advancement of regional, national and international policies to  
2 reduce greenhouse gas emissions;

3 “(k) Local and regional efforts to prepare for the effects of global warm-  
4 ing; and

5 “(L) Any other information, policies or analyses that the commission de-  
6 termines will aid in the achievement of the greenhouse gas emissions [*re-*  
7 *duction goals*] **benchmarks** established by [*ORS 468A.205*] **section 4 of this**  
8 **2015 Act.**

9 “(2) The commission shall:

10 “(a) Work with the State Department of Energy and the Department of  
11 Environmental Quality to evaluate all gases with the potential to be  
12 greenhouse gases and to determine a carbon dioxide equivalency for those  
13 gases; and

14 “(b) Use regional and national baseline studies of building performance  
15 to identify incremental targets for the reduction of greenhouse gas emissions  
16 attributable to residential and commercial building construction and oper-  
17 ations.

18 “**SECTION 13.** ORS 468A.260 is amended to read:

19 “468A.260. The Oregon Global Warming Commission shall submit a report  
20 to the Legislative Assembly, in the manner provided by ORS 192.245, by  
21 March 31 of each odd-numbered year that describes Oregon’s progress toward  
22 [*achievement*] **preventing exceedance** of the greenhouse gas emissions [*re-*  
23 *duction goals*] **benchmarks** established by [*ORS 468A.205*] **section 4 of this**  
24 **2015 Act.** The report may include relevant issues and trends of significance,  
25 including trends of greenhouse gas emissions, emerging public policy and  
26 technological advances. The report also may discuss measures the state may  
27 adopt to mitigate the impacts of global warming on the environment, the  
28 economy and the residents of Oregon and to prepare for those impacts.

29 “**SECTION 14.** Section 9, chapter 751, Oregon Laws 2009, is amended to  
30 read:



1 is appropriated to the Environmental Quality Commission, for the  
2 biennium beginning July 1, 2015, out of the General Fund, the amount  
3 of \$\_\_\_\_\_, which may be expended for the purpose of assisting the  
4 commission in establishing the cap-and-dividend program provided for  
5 under sections 4 and 5 of this 2015 Act.

6

7

**“UNIT CAPTIONS**

8

9 **“SECTION 17. The unit captions used in this 2015 Act are provided**  
10 **only for the convenience of the reader and do not become part of the**  
11 **statutory law of this state or express any legislative intent in the**  
12 **enactment of this 2015 Act.**

13 **“SECTION 18. This 2015 Act takes effect on the 91st day after the**  
14 **date on which the 2015 regular session of the Seventy-eighth Legisla-**  
15 **tive Assembly adjourns sine die.”.**

16

\_\_\_\_\_