



January 13, 2020

Senate Interim Committee on Environment and Natural Resources
Oregon State Legislature
900 Court St. NE
Salem, Oregon 97301

RE: Oregon Greenhouse Gas Initiative (LC 19)

Honorable Chair Dembrow, Vice-Chair Olson, and committee members,

The Portland Business Alliance (the Alliance) is greater Portland's Chamber of Commerce and represents the largest, most diverse network of businesses in the region. The Alliance advocates for business at all levels of government to support commerce, community health and the region's overall prosperity. We represent more than 1,900 members, from 27 counties, 13 states and virtually every industry sector. More than 80% of our members are small businesses.

The members of the Portland Business Alliance recognize the urgent need for governments and elected leaders at all levels to adopt strong policies, in collaboration with the private sector, to reduce carbon emissions and the growing impacts of climate change. The Alliance and our members have a record of supporting strong climate change policies and taking voluntary steps to reduce carbon emissions. We encourage elected officials to support policies that promote private sector innovation and investment in clean technologies that will accelerate reductions in carbon emissions and reduce our dependence on fossil fuels.

During the 2019 session, the Alliance engaged in a thorough, member led, internal process to analyze HB 2020, and transparently discuss how it impacted the many industry sectors we represent. We did the hard work to develop a unified position. We ended up issuing a floor letter, unanimously approved by our Board of Directors, which conveyed a neutral position, while expressing great appreciation for the collaborative process that led to the great improvements in the bill as it went through the legislative process. Many of our members supported the final version of HB 2020.

We are committed to working together with you and all legislators on this policy until we get it done. That is why I'm here today to testify on LC 19. The Alliance has continued our internal, member driven, dialogue and engaged in direct conversations with the Governor's office, this committee, and legislative leadership to do our part to work toward a cap and trade bill our members can support. Our members have provided me with clear direction to communicate to you what the final bill needs to include to earn the full support of the Portland business community. Many of our members already support LC 19.

While we understand why LC 19 proposes a phased-in cap beginning with the Portland region, we have some concerns. As you know, there is wide agreement that it is important to have enough of Oregon eventually covered by a carbon emissions cap to connect Oregon's cap and trade market to California. This would ensure that consumer and business cost increases are kept as low as possible. Our members worry that there could be successful future efforts to delay or eliminate the phasing in of the

cap to the other metropolitan areas in Oregon. If this were to occur, not only would Oregon not connect to California, Portland region businesses and consumers could see prices spike to economically damaging levels.

Even with the recognition of a level of risk, our members could support the phased-in cap if it is paired with two other specific policies that would provide long-term certainty for business in the region and throughout the state.

First, we strongly support the policy in the current draft which Directs 80% of transportation-specific auction proceeds to local jurisdictions for implementation of metropolitan climate plans. For the Portland region it would distribute half of the region's proportionate share directly to Metro and half to the cities and counties of the region to be spent in ways that achieve the greatest reduction in greenhouse gas emissions per dollar spent. This makes a phased-in cap much more palatable and would provide badly needed dollars toward the region's vast transportation infrastructure needs.

Second, we strongly request assurance from the Legislature that Oregon will have only one system of carbon regulation. The standards and restrictions established with this legislation must be a floor that local governments cannot go beyond. We simply cannot have a system of state carbon regulation that ends up stacked upon inconsistent local carbon policy. Specifically, the final bill needs to include pre-emption which prevent any new local or regional caps, carbon taxes, utility regulations, emission standards, fuel standards, and similar regulations intended to achieve the same goals as this legislation. It is very easy to see how such a scenario would be an economic and regulatory disaster. Our members have made it clear that the addition of local pre-emption language is critical and necessary to earn the support of the Portland Business Alliance.

In closing, the Alliance and our members are committed to continuing to collaborate with you to develop a final bill that establishes Oregon as a global leader in combatting climate change. We can support the phased-in cap, even if that involves taking on some risk, so long as that risk is mitigated by providing certainty that this will be the only system of carbon regulation in our state. We stand by ready to work with you in good faith on these final improvements to LC 19. We hope you will work with us and our statewide partners to earn the support of the business community.

Thank you.

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