



A STRONG VOICE FOR OREGON'S WORKERS

TO: Chair Dembrow
Members of the Senate Interim Committee on Environment and Natural Resources

FR: Jess Giannettino Villatoro, Political Director, Oregon AFL-CIO

RE: Labor Standards for Carbon Pricing Program

January 13, 2020

The Oregon AFL-CIO represents 300,000 workers across the state and a voice for all workers in the legislative process. Our membership is as diverse as Oregon's economy and includes workers who are the regulators at the Oregon Department of Environmental Quality and clean air and water experts to the hardworking folks inside many of the energy intensive trade exposed plants across the state. It is with that lens that we approach this policy area. The Oregon AFL-CIO does not have an official position on the entirety of the policy but continues to be supportive of several key provisions currently included. We also have suggestions on how to make the policy stronger for working Oregonians.

Program Administration

The most recent draft includes housing the administration of the program within DEQ, found in Section 97. This policy choice is critical to ensure successful implementation, consistency for the program and the public employees who will be charged with implementation, and a smart policy choice for the budget.

Labor Standards for New Investments and Procurement

Also included in the most recent draft are labor standards to ensure that reinvestments made from the program create family wage jobs across the state. These provisions include a Prevailing Wage trigger of \$50,000 along with a healthcare and retirement investment provision, and responsible contractor standards to ensure that contractors being awarded bids are fair employers. The draft also includes a Project Labor Agreement threshold of \$200,000. **The contracting standards should be strengthened to ensure that these standards are applied to subcontractors as well as the primary contractor to ensure that the policy accomplishes its intent of creating family wage jobs.**

In addition, there are Buy America provisions for several materials used in transportation and construction projects, also found in Section 41. Those materials include steel, iron, cement and concrete. These standards ensure that the state is procuring domestically produced materials instead of contributing to the offshoring of jobs.

Unfortunately, the procurement preference seems to have been diluted in Section 37 and is significantly weaker than in HB 2020. It allows for up to 10% procurement from countries with a carbon pricing program, not tied to the price of carbon in that country or state. This could create a scenario where Oregon is giving procurement

preference to a state or country that has lower requirements for carbon and likely poorer labor standards. We recommend replacing this standard with at least the policy that was found in HB 2020, which ensured the carbon pricing was the same or stronger than Oregon's policy, but could also include labor standards like an Oregon preference.

Leakage

We appreciate the allowance structure allocated for EITE industries and look forward to additional conversations on this matter. Job loss should not be an effect of a carbon pricing program.

Just Transition Fund

We recommend significant improvement of a vitally critical provision within LC 19, the Just Transition Fund. LC 19 lays out the makeup of a structure with no funding allocated, which is a significant change from previous iterations of this policy. These critical funds should be allocated generously, like they were in HB 2020, to ensure that communities most impacted by climate change and a carbon pricing program are the priority when it comes to implementation. If there are to be job losses caused by a carbon pricing program, displaced workers should be made whole by funding bridges to retirement and other mitigating programs. Oregon has a complicated history with enacting policy changes that impact jobs, but funding a robust Just Transition Fund, along with ensuring strong job standards in new investments, is an important opportunity that should not be missed. By including a significant allocation to this important Fund, we have an opportunity to ensure future generations of workers and their communities don't fall victim to climate policy and instead are invested in to ensure Oregonians across the state can thrive.